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CLA Muffs Economic Analysis

Agency Is Better at Communist Foes Than Capital Flows

By David E. Sanger
and Tim Weiner
New York Times Service

WASHINGTON — During the Clinton administration's tense negotiations with Japan last spring — with the threat of sanctions to cut off Japanese luxury car imports to the United States looming — U.S. trade officials were accompanied everywhere by a small team of intelligence officers.

Each morning, they gave Mickey Kantor, the U.S. trade representative, and his aides inside information gathered by the CIA's Tokyo station and the electronic-eavesdropping equipment of the National Security Agency, sifted by CIA analysts in Washington.

When the negotiations reached a climax in Geneva, the intelligence team was in place at the Intercontinental Hotel, working alongside Mr. Kantor's negotiators, offering advice on how far to press the Japanese.

"It was a remarkable performance, because the intelligence agencies finally realized this was the World Series — the arm-control talks of the new age," said one senior administration official.

"But in the end, did it help much? Beyond some valuable detail we could not have gotten elsewhere, it would be hard to make that case."

Spying on allies for economic advantage is a crucial new assignment for the CIA now that U.S. foreign policy is focused on commercial interests abroad.

President Bill Clinton made gathering economic intelligence a high priority of his administration, specifically information to protect and defend U.S. competitiveness, technology and financial security in a world where an economic crisis can spread across global markets in minutes.

But the transition is a rough one for an agency far less comfortable with capital flows than with communist foes. At the Treasury Department, the U.S. Trade Representative's Office and the Commerce Department, officials say they now receive a torrent of information from the CIA.

But in the next breath, they add that the quantity is not matched by the quality. The agency, they complain, often cannot separate the vital from the trivial, and its analysis of economic data is still amateurish.

Recently some in the administration have begun wondering aloud whether much of the analysis should be farmed out

elsewhere to better-trained experts in government and the private sector.

The CIA tends "too often to reproduce mainstream, middle-of-the-road views," Deputy Treasury Secretary Lawrence H. Summers told Congress last month. He questioned whether it "can add much value" to the financial information and analysis the private sector produces from a wealth of public information.

With an increasing fraction of the \$28 billion intelligence budget going to economic matters, the answer to that question may be crucial to the CIA's future.

At the agency, economics still is more a buzzword than a mission. The new director, John M. Deutch, talks about it often. But in a recent interview one of the highest-ranking officials of the CIA confessed complete ignorance of the subject.

Some inside the agency ridicule the ideas that car exports and exchange rates — which they call "soft stuff" — are remotely as important as nuclear proliferation and terrorism — "the hard stuff."

Moreover, a generation of U.S. spies trained to steal secrets from communist enemies is having trouble adjusting to the

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Balkan Winter Worrying U.S. Planners

By Dana Priest
and Rick Atkinson
Washington Post Service

WASHINGTON — The ability of American troops to enforce a peace accord in Bosnia will be severely handicapped by winter weather if they do not set up operations there by late November, a possibility that now seems remote, according to U.S. military documents and officials.

The 25,000 U.S. troops committed by the Clinton administration for deployment in Bosnia are expected to play a key role in ensuring the success of any settlement of the Bosnian conflict.

But with the cease-fire already in peril, initial peace talks between the Bosnians, the Croats and the Serbs not set to begin

until Oct. 30, and with a final peace conference to follow that, it seems doubtful that a NATO-led enforcement mission could begin this year, according to NATO and American military officials in Europe and congressional sources in Washington.

By that time, the infamous Balkan winter that has made military operations difficult for the combatants will hinder ground operations and weapon performance and make U.S. troops more vulnerable to attack, according to Pentagon documents.

President Bill Clinton and Defense Secretary William J. Perry argue that the Bosnia mission is crucial to maintaining a U.S. leadership role in NATO. The operation, still in the planning stages, will be under NATO military control, and planners say it will involve up to 70,000 NATO troops

and another 15,000 non-NATO troops, including, possibly, Russian soldiers.

But the Clinton administration is eager to get the mission started, in part because, for the first time, all sides say they are willing to entertain a diplomatic solution and in part because the mission is estimated to take one year.

Mr. Clinton would like to have U.S. troops on their way home by the November 1996 presidential elections, his advisers have said.

If most troops are not in by late November, "the deployment will be pretty snarled," said one congressional staff member who attended briefings last week at the U.S. Army's European headquarters in Heidelberg, Germany. "It will just be

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TURKISH GOVERNMENT FALLS — Colleagues commiserating with Prime Minister Tansu Ciller after her defeat Sunday in Parliament. Page 5.

NATO Leader Faces New Pressure to Give Up Post

Belgian Panel's Finding In Corruption Scandal Leaves Claes 'Stunned'

By Tom Buerkle
International Herald Tribune

BRUSSELS — Willy Claes faced overwhelming pressure on Sunday to resign as secretary-general of NATO after a Belgian parliamentary committee recommended that he be sent to the country's highest court to face charges of corruption.

Mr. Claes said he was "absolutely stunned" by the committee's decision on Saturday and once again professed his innocence of involvement in payments by an Italian helicopter maker to his Socialist Party while he was Belgium's economics minister.

But for the first time since he was first linked to the affair in February, Mr. Claes left open the possibility of resigning.

NATO sources said Mr. Claes would have no other option if the Belgian Parliament votes as expected Thursday to endorse the committee's recommendation, which is tantamount to an indictment.

"One should give room to the Belgian Parliament and to Willy Claes to take the right decision," Foreign Minister Hans van Mierlo of the Netherlands said on Dutch television.

Frits Bolkestein, leader of the Dutch Liberal Party, a member of the country's coalition government, was less restrained, calling bluntly for Mr. Claes to step down.

"NATO is going through a difficult transformation process," he told Belgian television. "This cannot be done with a broken-winged chairman."

NATO sources concurred. They noted that the alliance must find ways in coming days to bring Russian troops into a NATO-led force to police a peace agreement in the former Yugoslavia. NATO is also trying to elaborate a strategy for expanding into Eastern Europe without antagonizing Moscow.

"These are very important issues, and we need leadership," a NATO source said.

The short list of candidates to replace Mr. Claes includes Douglas Hurd, former British foreign minister, Rudi Lubbers, former prime minister of the Netherlands, and Defense Minister Volker Rübe of Germany.

Mr. Hurd would enjoy strong support from the United States and many other allies, sources said, but it was unclear whether he would accept an offer. He resisted overtures about the post a year ago, before Mr. Claes was appointed after the death of his predecessor, Manfred Wörner.

NATO sources questioned whether Mr. Rübe would leave Bonn and doubted whether the alliance would want another

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Awash in New Dispute, Black Men's March to Step Off in Washington

By Michael A. Fletcher
and Hamil R. Harris
Washington Post Service

WASHINGTON — Long-standing antagonism between Louis Farrakhan, the Nation of Islam leader, and Jewish leaders resurfaced just before the Million Man March on Monday in Washington with the release of an interview in which Mr. Farrakhan accused some Jews and others of exploiting blacks financially and calling them "bloodsuckers."

Black men were converging Sunday on Washington to take part in the march. City officials said they were preparing for

500,000 to 1 million participants. Mr. Farrakhan, meantime, canceled television appearances Sunday, with an aide saying that he was exhausted. (Page 3.)

In an interview with Reuters Television that was taped Oct. 4 and made public last week, Mr. Farrakhan touched on several sensitive subjects that previously outraged Jewish leaders and prompted accusations of anti-Semitism against him.

Mr. Farrakhan, the originator of the march, said some Jews and others took money out of black communities but gave nothing back, linked Jews to the American slave trade and asserted that one Jewish person encouraged a murder plot against

him because "the person hated me as a Jew."

The remarks were prompted by questions about several past statements by Mr. Farrakhan, and he employed less emotional language than he had previously, remarking at one point, "I don't say that there is great enmity between blacks and Jews."

But his words brought swift condemnations from several Jewish leaders, who said Mr. Farrakhan's statements demonstrated continued racism and should discourage people from participating in the Million Man March.

"A hate-monger should not be leading a

march on Washington," said David C. Friedman, executive director of the Washington office of the Anti-Defamation League of B'nai B'rith. "It's an illusion for people to feel that they can participate and endorse this march without in any way showing support for Farrakhan."

The controversy erupted amid clear indications that, even if the Million Man March fails to attract the huge crowd its organizers predict, it is already influencing national politics.

President Bill Clinton has decided to deliver a speech Monday on the impact of race on American life, White House officials say, and General Colin L. Powell,

retired, a potential presidential candidate, has agreed to discuss race in a television talk-show appearance on Monday morning. Aides to both say both men timed their remarks to coincide with the march.

In weeks leading up to the interview, Mr. Farrakhan had employed an inclusive, tolerant tone in his public remarks. That was disrupted by release of the Reuters Television interview, which formed the basis of a television story distributed to 1,200 broadcast outlets in 85 countries.

On Thursday, the Nation of Islam's chief of staff and a son-in-law of Mr. Farrakhan, Leonard Muhammad, drew

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AGENDA

Haitians Disrupt Mrs. Gore's Visit

PORT-AU-PRINCE, Haiti (Reuters) — Demonstrators stoned the motorcade of Vice President Al Gore's wife on Sunday as she arrived for a visit at a U.S.-funded health clinic, but officials said Tiger Gore's vehicle was not hit. The officials said that the window on a staff vehicle was shattered and that a U.S. Army officer was cut in the head. They said the protest was against the administration of the clinic, which the demonstrators have accused of siphoning off funds that were meant to aid the poor.

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THE LONG RUN — Runners in the Beijing Marathon loping past Tiananmen on Sunday at the 7-kilometer mark.

Berlusconi, Facing a Trial, Issues Warning on Budget

Compiled by Our Staff From Dispatches

ROME — Former Prime Minister Silvio Berlusconi responded defiantly to his impending corruption trial, vowing that his center-right coalition would block the 1996 budget if it did not get its way this week in a vote to impeach the country's justice minister.

Mr. Berlusconi, who was ordered Saturday to stand trial in January appeared undaunted and was looking ahead to the vote Wednesday on the fate of Justice Minister Filippo Mancuso.

The rival center-left bloc has called for a vote to impeach Mr. Mancuso for what they see as an overzealous desire to curb the activities of Milan's so-called Clean Hands magistrates.

"Replacing Mancuso, if it happened, could only mean a decisive negative attitude on our part towards the budget," said Mr. Berlusconi, a virulent critic of the anti-graft investigators he says have run a "Stalinist" hate campaign against him.

Mr. Berlusconi and 10 co-defendants were ordered to stand trial Jan. 17 on charges of complicity in the payment of \$380 million lire (\$237,000) in bribes to tax policemen by four companies in his Fininvest empire in return for lenient audits from 1989 to 1991.

Mr. Berlusconi has protested his innocence, saying the trial had been engineered to wreck his political career.

"I think this incites me to continue in a more determined way, if possible, than before," he said.

He told a newspaper, La Stampa, that he wanted a televised trial so that Italians could see that he was not guilty.

"I would reply point for point, and people would see the truth of the facts," he said.

In Saturday's ruling, issued in Milan, Judge Fabio Paparella said the evidence against Mr. Berlusconi was sufficient for the case to go to trial in January.

Mr. Berlusconi assailed the ruling in a statement that accused prosecutors of heavy manufacturing the case against him last year when he was still in office.

The indictment against Mr. Berlusconi, who still heads a center-right coalition that includes his own political movement, known as Forza Italia, had been anticipated by many of his political allies, who expect him to continue his campaign for early national elections.

Mr. Berlusconi has repeatedly said, however, that he will be prepared to take "a step back" and not present himself as his coalition's candidate for prime minister.

Mr. Berlusconi has accused the Milan prosecutors, who spearheaded the corruption inquiries that led to the downfall of

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For All Japan's Technical Wizardry, Its People Cling to Mysticism

By Nicholas D. Kristof
New York Times Service

OMIYA, Japan — Doctors thought kidney disease killed Hideo Hiraiwa, but one of the secrets murmured as the evening darkness huddled in from the surrounding forests to envelop this little town is that he was really murdered by a fox devil.

Mr. Hiraiwa did not believe in fox devils, so he captured a fox that lived on the

grounds of a nearby Shinto shrine. It was a white fox, regarded by Shintoists as a messenger of the gods, yet Mr. Hiraiwa beat it to death.

"He was my friend, and he boasted about what he did," recalled Kensuke Okuyama, a villager whose bushy black eyebrows arched as he told the story of what happened a decade ago. "Ten days later, he was dead."

"So," Mr. Okuyama added, "I believe in fox devils."

Foreigners often hear of Japan's computer wizardry and bullet trains, but there is also a mystical side to Japan that plays a central role in daily life. While Japan is one of the most technologically sophisticated countries in the world, many people worship their ancestors as divinities and believe that each big tree or rock is also home to a god.

This spiritual world is interwoven into the rhythms of Omiya, a town of 5,700 in the rain-drenched forested hills of the Kii

Peninsula, nearly 200 miles (320 kilometers) from Tokyo. Religion is an integral part of Omiya and of Japan.

One measure of the scope of faith here is that when Kazuko Okuyama's two young children grew irritable and kept waking up at night in terrible crying fits, Mrs. Okuyama went not to a doctor but to a kind of exorcist. He made a dye of cedar pitch and tobacco and painted Chinese characters on the children's hands so the colic would leave the body from the fingers.

"This didn't seem to work so well, so he painted characters on my older daughter's stomach as well," recalled Mrs. Okuyama, whose family is unrelated to the Okuyama who believes in fox devils. "That seemed to cure them."

Japan is usually described as a Buddhist or Shinto nation, but most Japanese adhere to a sort of folk religion that mixes Buddhism and Shintoism. The Okuyama

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Newstand Prices	
Andorra	10.00 FF
Antilles	12.50 FF
Armenia	1.800 CFA
Bahamas	12.50 FF
Belize	12.50 FF
Bolivia	1.100 CFA
Brazil	350 Cr
Canada	2.800 Lire
Chad	1.250 CFA
Colombia	1.250 CFA
Cuba	1.250 CFA
Czech Rep.	1.250 CFA
Dominican Rep.	1.250 CFA
Ecuador	1.250 CFA
El Salvador	1.250 CFA
Equatorial Guinea	1.250 CFA
Ethiopia	1.250 CFA
France	1.250 CFA
Germany	1.250 CFA
Ghana	1.250 CFA
Greece	1.250 CFA
Haiti	1.250 CFA
Honduras	1.250 CFA
Hungary	1.250 CFA
Iceland	1.250 CFA
India	1.250 CFA
Indonesia	1.250 CFA
Italy	1.250 CFA
Jamaica	1.250 CFA
Japan	1.250 CFA
Korea	1.250 CFA
Laos	1.250 CFA
Lebanon	1.250 CFA
Luxembourg	85 L Fr
Morocco	1.000 Piast
Netherlands	1.250 FF
Nigeria	1.250 FF
Poland	1.250 FF
Portugal	1.250 FF
Romania	1.250 FF
Russia	1.250 FF
Saudi Arabia	1.250 FF
Senegal	1.250 FF
Spain	225 PTAS
Sweden	1.250 FF
Switzerland	1.250 FF
Taiwan	1.250 FF
Tanzania	1.250 FF
Togo	1.250 FF
Tunisia	1.250 FF
Turkey	1.250 FF
U.S. (incl. Alaska)	1.250 FF
U.S. (excl. Alaska)	1.250 FF
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Thousands Left Homeless / Whites Try to Preempt Land Reform

Evictions Enforce Utter Poverty in South Africa

By Suzanne Daley
New York Times Service

VRYHEID, South Africa — First the police went to the local school and took the children from their classrooms. Then they stood by as a crew tossed the Khulu family's meager belongings into a truck and drove off with them.

After that, the white landowner, Andrius Scheepers, hitched his tractor to a chain he had strung around the family's mud and cow-dung huts and pulled them down.

By the time the eviction was over, the police had used tear gas on other black tenant farmers who came to see what was going on. And someone had lit a fire that burned the fields as far as the eye could see, forcing people to run in all directions.

Hours later, in the chill of sunset, the Khulu family — without enough clothes or blankets — was huddled in the charred grass near the side of the road.

The gently rolling hills and tidy fields of this area, where cattle graze and corn is grown 300 kilometers (200 miles) southeast of Johannesburg, hardly suggest the anger and violence that are to be found these days as South Africa struggles to redistribute land that for decades could be owned only by whites.

Legislation has been drafted that would give many of the country's black tenant farmers the right to buy the fields they have farmed for generations in immobilizing poverty.

But Parliament has yet to vote on the bill. So many white farmers have taken defensive maneuvers, officials say. They have evicted thousands of tenant farmers, hoping to be rid of them before any new law takes effect.

"They think that they will be able to preempt the law," said Geoff Budlender, who helped draft the legislation.

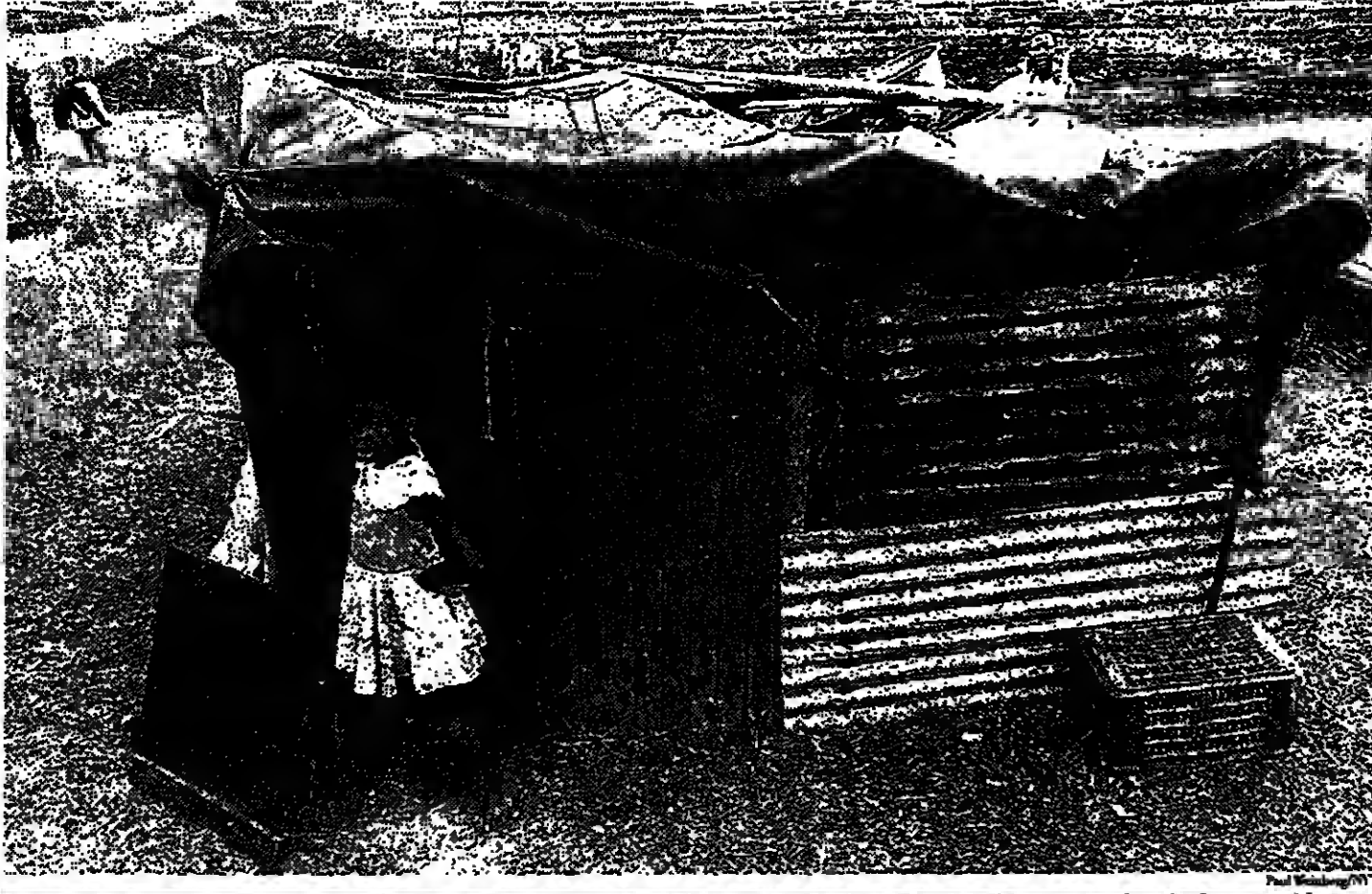
"It's vicious," he said, "but it's not irrational. Even if the law gives retroactive rights, the families will be scattered and their homes destroyed, and maybe they won't come forward."

In a country that has never taken a reliable census of its black population, no one has any statistics on the evictions. But government officials say they started in 1990, after Nelson Mandela was released from prison.

Many white South Africans realized immediately that Mr. Mandela would be the country's next president and that land redistribution would be on his agenda.

Many of the towns near Vryheid — the word for freedom in Afrikaans — have an area set aside for the displaced, most of whom were evicted in much the same way as the Khulus.

On a hill a few kilometers from the Scheepers farm are perhaps 100 evicted families, many of them in leaky white tents handed out by the municipality. But no agency is giving them food. They are barely avoiding starvation.



One of the Khulu family's eight children standing in the doorway of their shack, built from the rubble of their destroyed home.

Tenant farmers are among the poorest South Africans, driven by apartheid policies to accept brutal conditions in exchange for the right to stay on the land of their ancestors.

Farmers in remote areas sometimes provide schooling for the youngest children, but most end up illiterate. They live in mud huts without electricity or running water. Their wealth is a few fruit trees, a small crop of corn and cattle.

Thus the evictions — which usually begin with the shooting or poisoning of their dogs — strip them of their land and all their savings.

A few days after being evicted, the Khulu family was still on the side of the road without any way to get to the hill where the other families were. Nakeni Khulu, tending eight grandchildren who were trying to stay warm on a windy night, said the farmer had simply left them there after demolishing their home.

They had recovered some valuable bits of corrugated tin from the rubble, and with a tarp for a roof had built a small box that the entire family crawled into at night.

None of the Khulus knew about the legislation. Asked why they had been evicted, Mrs. Khulu, a frail, barefoot woman, said she

thought it was because they had asked Mr. Scheepers to pay \$3 a month for the labor of the children, so they could buy soap.

Nomusa Masuku, who lives on another tenant farm that belongs to Mr. Scheepers, said he was a very hard man. Miss Masuku is among the six women working in his modest home, which in any American suburb would be called a tract house.

They work from 6 A.M. to 6 P.M. seven days a week except for a few hours off on Sundays. There is no cash wage. They get one meal a day, she said. They share half a plastic milk carton of porridge, which each woman dips into with her own spoon because they are not given bowls.

Even before Mr. Mandela's election last year, he promised to redistribute 30 percent of the country's farmland within five years. It is not hard to see why. Some 80 percent of South Africa's farmland is in the hands of just 60,000 white farmers.

Graham McIntosh, president of the Natal Agricultural Union, which represents 4,500 farmers, says most evictions have nothing to

do with the legislation. The farmers have either modernized their farms and no longer need the tenant farmers, or they are facing other problems like tribal feuds or laziness and dishonesty by tenant farmers, he said.

In many cases, he said, the white farmers carry hidden costs for things like fencing or road upkeep or lending tractors or stud bulls that let tenant farmers survive "comfortably," he said.

"If they have any brains," Mr. McIntosh said of the tenant farmers, "they will realize that they are much better off financially and every other way to stay as they are."

COMING UP

When Jacques Chirac was campaigning for the presidency of France last spring, he blamed the elite *Ecole Nationale d'Administration* for the country's problems. Nonetheless, the school that is the gateway to power and privilege in France is basking in the knowledge that its influence has never been as strong.

Explosive Set Off Near La Guardia
Note Found at Site Points To Possible Terrorist ActBy Dennis Hevesi
New York Times Service

NEW YORK — An explosive blew out part of the windshield detection system serving La Guardia Airport, causing no air-traffic control problems but raising concerns about who might have set off the device and why.

A one-page handwritten note found at the site linked the incident on Friday to the federal raid on the Branch Davidian compound outside of Waco, Texas, in February 1993.

"This is in response to the Waco incident, for all our fallen brothers," the note read. It also carried a scrawled swastika.

The FBI said it was unclear whether the attack was simply vandalism, the work of copycats duplicating the attack on an Amtrak train in Arizona last week or an act of terrorism by a well-trained and highly organized group.

"We are going to take it seriously until we know that we should not take it seriously," said Joseph Valiquette, a spokesman for the FBI in New York City.

The police were classifying the explosion as a crime of crim-

inal mischief. But Deputy Inspector Robert Martin, head of the Police Department's special investigations division, said: "We're giving it some significance because of the timing with the anniversary of the UN and, of course, other terrorist acts. We are thinking that this is serious."

Neither he nor the FBI would say what kind of explosive was used, but the deputy inspector ruled out dynamite.

If the note is authentic, this is the first time in recent memory that New York City was the victim of an attack by a white supremacist group. In the past, terrorist attacks have come from anarchists, Puerto Rican nationalists, war protesters, black-power groups and, more recently, Middle East terrorists hoping to change U.S. foreign policy.

The explosion occurred at 4 P.M. Friday at the old Flushing Airport across the bay from La Guardia, the police said. A police spokeswoman, Kathleen Kelly, said someone had cut through the fence surrounding the old airport and attached "an improvised explosive device" next to what is called a low-level wind-shear alert system remote center.

Derailment Clue 1:
A Look at the TextBy Stephen Labaton
New York Times Service

WASHINGTON — Law-enforcement officials have disclosed the text of a typewritten note found near the Amtrak train that was derailed in the Arizona desert and said they hoped that someone would recognize something about it and come forward.

The note suggests that federal agents who laid siege to the Branch Davidian compound near Waco, Texas, two years ago intentionally spread the fire that ultimately killed more than 80 people there.

No suspects have been identified in the derailment, and the note, which officials had described in only general terms shortly afterward, remains the most significant piece of evidence. Officials do not know whether it is a ruse, however, or reflects genuine anti-government hostility by its author.

One person died in the derailment last Monday, and 77 were injured.

The 51-day siege of the Branch Davidian compound remains a rallying point for paramilitary groups and other anti-government critics.

The note, several copies of which were found near the derailed train, refers to one of the videotapes circulated by some of those critics in an effort to demonstrate that the government, not the Davidians, was responsible for the fire.

'Sons of the Gestapo'
Following is the text of the letter found at the scene of the derailment, as reported by *The Associated Press* with the original spelling and grammar:

Indictment of the ATF and FBI
Before dawn the women awoke to say their morning prayers. They lit their kerosene lamps because the electricity had been turned off by the FBI.

After observing lights in all the upstairs windows, the FBI ordered the teargas bombardment. Afterwards, only two upstairs windows were lit. The location of each was recorded. Over the next few hours ventilation holes were poked in the walls. These holes made the fire burn very much faster. Otherwise the fire department would have had time to put out the fire before the women and children died in the flames. At noon, the light from the two kerosene lamps was obscured by bright sunlight. Everyone had forgotten about the men except the man who carried their locations written on a scrap of paper in his pocket. He ordered the tank drivers where to crash through. Guess under which two windows. He ordered them to raise their guns, as they backed out, the guns were lowered. The video tape shows clearly the floor being raised by the (word unintelligible) a foot and a half. Guess what happened to the kerosene lamps in (word unintelligible) rooms above the tanks. A minute afterwards, black smoke started to pour out of the windows where the lamps had burned. This is the normal time needed for a kerosene fire to build up.

Who is policing the ATF, FBI, state troopers, county sheriffs and local police? What federal law enforcement agency investigates each and every choke hold killing committed by a police officer? Each and every beating of a drunk whether or not a passerby videotapes it? Each and every shooting of a police officer's wife who knows too much about drug kickbacks? Each and every killing at Ruby Ridge? The Gestapo accounts to no one. This is not Nazi Germany. All these people had rights. It is time for an independent federal agency to police the law enforcement agencies and other government employees.

Sons of the Gestapo
SOG

Panama Says: Yankee, Stay Here!

By Tod Robberson
Washington Post Service

PANAMA CITY — A looming deadline for a full withdrawal of U.S. military forces from Panama is forcing this nation to come to grips with its identity while weighing the value of sovereignty against economic well-being.

The United States has entered the final phase of a military withdrawal, stipulated under the 1977 Panama Canal treaties, during which the entire U.S. Southern Command headquarters will move to Miami by the end of 1998. With that withdrawal, the dream of unchallenged independence is becoming a haunting reality to Panama's leaders.

Having spent most of this century cursing the U.S. occupation as the single remaining barrier to economic and political self-determination, Panamanian leaders now are telling Washington that there is no hurry to end its more than eight-decade military presence here.

Instead, senior officials say that the United States should consider staying well into the next century, warning that Washington may be putting vital security interests at risk with plans to close all 10 of its military bases here and pull out about 8,800 military personnel.

But according to U.S. officials, Panama really is engaging in a ritual dance around the truth, attempting to hide the fact that its economy desperately needs the 16,000 jobs and \$330 million in wages and sales or 8 percent of gross domestic product generated by the American military presence.

On a U.S. scale, the economic impact from the troop withdrawal would be equivalent to shutting down the Big Three car manufacturers, along with IBM and Exxon.

While senior Panamanian officials have made that point in private talks with their American counterparts, they do not say it publicly because of domestic political sensitivities, a U.S. official in Panama said.

The political careers of many Panamanian politicians, including President Ernesto Prez Balladares, were built on rabble-rousing speeches demanding an end to the U.S. presence. But economic reality could force Mr. Prez Balladares to eat his

words. So politically sensitive is the withdrawal question that during a state visit by Mr. Prez Balladares to Washington last month, a U.S. official said White House aides had to choreograph a spontaneous raising of the issue by President Bill Clinton so that the Panamanian president could then begin discussing it publicly.

The official line here is that the entire issue of a military-extension pact was raised by Mr. Clinton, and therefore Washington must come up with the proper formula to compensate Panama for the ongoing privilege of using its soil.

U.S. officials say the idea of compensation is out of the question, especially since the only justification for keeping troops here is to help Panama's economy.

But the administration has asked the Southern Command chief, General Barry McCaffrey, to come up with options for basing troops in Panama. "Unquestionably, there is no vital national security interest in Panama," General McCaffrey said.

"From air bases to jungle warfare schools to counter-drug operations, there is no function currently being performed in Panama that we can perform from somewhere else."

He said there could be a justification for basing military counter-narcotics operations here, along with airborne surveillance of drug flights from neighboring Colombia.

TRAVEL UPDATE

Lufthansa Adding 3d Vietnam Flight

HANOI (AFP) — Lufthansa will start a third service each week between Frankfurt and Ho Chi Minh City next year.

Klaus Schmidt, the German flag carrier's general manager for Vietnam, said the additional service would probably be introduced in April 1996, after the airline takes delivery of a new Boeing 777 aircraft, according to a report in the Vietnam News daily.

Lufthansa in 1990 became the third foreign carrier to begin serving Vietnam, after Air France and Aeroflot. The airline currently operates two flights a week to Vietnam via Singapore.

About 20 foreign airlines now fly to Vietnam. Several U.S. carriers are negotiating to begin service following the normalization of diplomatic ties between the Washington and Hanoi in July.

5 Pyramids to Be Opened to Public

CAIRO (AFP) — Egypt will open five pyramids to the public for the first time in December, including the "Beat Pyramid," an early botched attempt at building the imposing monuments.

The five are south of the three well-known Giza Pyramids and have all undergone renovations. Three of them — the north and south Seneferu pyramids and the Amenemhat III pyramid — are sited in the desert region of Dahshur. The other two, belonging to Sahu Ra and Niu Serra Ra, are part of the Abu Sir site.

The Cambodian government has approved part of a \$1.3 billion resort and infrastructure project for the southern port of Sihanoukville, the Tourism Ministry announced. The Ariston hotel-casino complex, which the ministry said would be the largest single foreign investment in the country, will take up much of the 100-hectare (250-acre) Naga Island. (AFP)

Foreign tourists who visit the Pilgrims at Plimoth Plantation near Boston can now change their money at the 17th-century settlement. A bank at the attraction will exchange German, Italian, British, Canadian and Japanese currency for up to \$100. (AP)

Tourists arriving in the Czech Republic will have to bring in \$20 a day for any visit of less than 10 days, the Interior Ministry ruled, and tourists staying longer will have to produce \$270 (7,000 Czech crowns), the ministry regulation said. (AFP)

Britain's Royal Parks agency said it would ban rollerbladers from several of London's parks after a cyclist died in a collision with a skater. (Reuters)

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Rendez-vous
page 5



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Anguilla (British Island)	800-456-4443	Czech Republic	000-800-01	Italy	0039-2-877	Poland	800-9977	Taiwan	0080-14-0877
Antigua (British Island)	001-800-777-1111	Denmark	800-1-0877	Japan	0081-3-877	Romania	112	Thailand	001-999-13-877
Aruba	8-104-33	Dominican Republic	1164-77	Kazakhstan (Almaty/Almaty)	5	Saudi Arabia	176	Turkey	00-904-4-6977
Australia (Sydney)	1-800-551-410	Ecuador	999-171	Kazakhstan (Astana/Astana)	875	South Africa	105-01	U.S. Virgin Islands	001-999-13-877
Australia (Melbourne)	1-800-481-877	Hong Kong	354-777	Kazakhstan (Bishkek/Bishkek)	1-800-877-8000	Philippines (Manila)	102-01	U.S.A.	1-800-477-8000
Austria	002-903-014	India	0091-11-877	Kazakhstan (Dushanbe/Dushanbe)	0066-55-877	Philippines (Cebu)	105-01	Ukraine	8-800-13
Belarus	1-800-249-2711	Iran	0098-21-877	Kazakhstan (Nur-Sultan/Nur-Sultan)	0039-121	Poland	102-01	U.S.A.	1-800-477-8000
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Burundi	00253-2-877	Kazakhstan	007-31-877	Kazakhstan (Kostanay/Kostanay)	0039-121	South Africa	105-01		
Cameroon	00237-2-877	Kazakhstan	007-31-877	Kazakhstan (Makhambet/Makhambet)	0039-121	Switzerland	0041-1-877		
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Cayman Islands	1-800-356-4443	Kazakhstan	007-31-877	Kazakhstan (Orda-Benisi/Orda-Benisi)	0039-121	Switzerland	0041-1-877		
Chile	0056-2-877	Kazakhstan	007-31-877	Kazakhstan (Qashqadaryo/Qashqadaryo)	0039-121	Switzerland	0041-1-877		
China	0086-21-877	Kazakhstan	007-31-877	Kazakhstan (Samarqand/Samarqand)	0039-121	Switzerland	0041-1-877		
Colombia	0057-1-877	Kazakhstan	007-31-877	Kazakhstan (Surkhob/Surkhob)	0039-121	Switzerland	0041-1-877		
Costa Rica	00506-2-877	Kazakhstan	007-31-877	Kazakhstan (Tashkent/Tashkent)	0039-121	Switzerland	0041-1-877		
Croatia	00385-1-877	Kazakhstan	007-31-877	Kazakhstan (Tashkent/Tashkent)	0039-121	Switzerland	0041-1-877		
Cuba	0053-2-877	Kazakhstan	007-31-877	Kazakhstan (Tashkent/Tashkent)	0039-121	Switzerland	0041-1-877		
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Hong Kong	354-777	Kazakhstan	007-31-877	Kazakhstan (Tashkent/Tashkent)	0039-121	Switzerland	0041-1-877		
Hungary	0036-1-877	Kazakhstan	007-31-877	Kazakhstan (Tashkent/Tashkent)	0039-121	Switzerland	0041-1-877		
India	0091-11-877	Kazakhstan	007-31-877	Kazakhstan (Tashkent/Tashkent)	0039-121	Switzerland	0041-1-877		
Indonesia	0062-21-877	Kazakhstan	007-31-877	Kazakhstan (Tashkent/Tashkent)	0039-121	Switzerland	0041-1-877		
Iran	0098-21-877	Kazakhstan	007-31-877	Kazakhstan (Tashkent/Tashkent)	0039-121	Switzerland	0041-1-877		
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THE AMERICAS

Debate on Racial Divide: Politicians Slow to Join

By Dan Balz
and John F. Harris
Washington Post Service

WASHINGTON — From the O. J. Simpson verdict to the Million Man March in Washington, the United States has been plunged into a discussion about race and racial divisions this month, but political leaders from both parties have been timid about joining the debate.

Normally loquacious politicians and possible presidential candidates, like President Bill Clinton; Bob Dole, the Senate majority leader; Newt Gingrich, the House speaker, and General Colin L. Powell, the former chairman of the Joint Chiefs of Staff, initially stepped back rather than forward in the face of divergent racial perceptions of the Simpson verdict and the dispute over the role of Louis Farrakhan, leader of the Nation of Islam, in organizing Monday's march of black men in the capital.

But inevitably they are being drawn into the debate. Mr. Clinton issued a

statement after the Simpson verdict calling on Americans to accept the jury's decision and has answered reporters' questions on it. But up to now he has not taken the initiative to speak out. After agonizing for several days, however, the president decided to proceed with a major speech on race at the University of Texas on Monday.

General Powell, whose possible presidential candidacy has been seen as a vehicle to narrow the country's racial divisions, has also been restrained while on tour promoting his

NEWS ANALYSIS

autobiography. On Mr. Simpson, he said Americans had to accept the verdict of the jury and put it behind them. But he also warned against making the trial a metaphor for racial division.

General Powell turned down an invitation to speak at the Million Man March. Now he plans to appear on CBS-TV on Monday morning, with indications that he will reprise his 1994 commencement speech at

Howard University. There, in remarks that came in response to racist and anti-Semitic remarks in an earlier speech by Khalid Abdul Muhammad of the Nation of Islam, General Powell warned blacks not to detour into a swamp of hatred.

William Bennett, the former education secretary who has sharply criticized the Simpson verdict and Mr. Farrakhan's role in the march, explained the reluctance: "Everybody knows things are bad, and people don't want to make things worse. Nevertheless, things will get worse unless leadership is exercised. This is a time when people want leaders to step forward and tell them what's right and what's wrong."

The leading Republican presidential candidates have been silent, including the front-runner, Mr. Dole.

Jack Kemp, the former housing secretary, said, "The Republican Party has an incredible opportunity to step into the vacuum and the candidates do as well." Mr. Kemp said the candidates should have addressed the is-

sue in their televised forum Wednesday in New Hampshire.

"No one talked about the need for racial and ethnic reconciliation," Mr. Kemp said. "Nature abhors a vacuum, and it will be filled by Farrakhan if Republicans and Democrats do not begin to address the issues raised by everything from the Million Man March to the post-Simpson trial debate to the problems of urban America."

Mr. Clinton had a natural resistance to speaking about the Simpson case, one administration official said, in part because he did not want to critique the jury verdict. But the president also did not want his or the nation's agenda dictated by a sensational murder case, the official said.

Mr. Clinton was, however, distressed by the sharp divisions the case revealed in the American public and saw a responsibility to address them.

He and his advisers debated for several days over whether the Texas speech was the appropriate time and place. Ultimately, the White House decided that going ahead on Monday

offered more opportunity than risk. But that date requires him, White House aides said, to clearly distance himself from Mr. Farrakhan.

"I imagine he will address the need to bring Americans together and to shun those who advocate hate," said the White House press secretary, Michael McCurry, asserting that the words of Minister Farrakhan are repugnant.

Mr. Clinton added that Mr. Clinton would attempt to talk in a philosophical vein about what obligations Americans have to each other, "and address some of the very profound divisions that do exist in our society."

The dilemma confronting Republicans is whether the post-Simpson climate of racial division makes it more difficult for the party to continue its attack on affirmative action programs, or whether that climate makes it all the more likely that some candidates will appeal to white frustrations that may have been deepened by the Simpson verdict.

Farrakhan Shuns Spotlight
'Exhaustion' Hits on Eve of Big March

WASHINGTON — Louis Farrakhan canceled all appearances on Sunday, and an aide said he was suffering from exhaustion on the eve of a march that the Nation of Islam leader hopes will draw a million black men to the U.S. capital.

City officials and the police made last-minute preparations for the mobilization of neo taking part in the "Million Man March" that some Americans fear may further exacerbate race relations in their country in the wake of the O. J. Simpson trial.

Mr. Farrakhan, whose speeches have been assailed for their anti-Jewish and anti-white rhetoric, says the rally will be "a day of atonement" for black men to become self-reliant and fight against crime and joblessness in black communities.

With controversy raging over his role as the rally's chief organizer, Mr. Farrakhan, 62, "topped off" of scheduled television appearances on Sunday, including NBC's "Meet the Press" and CNN's "Both Sides With Jesse Jackson."

A Nation of Islam spokesman told NBC that Mr. Farrakhan was "suffering from exhaustion" and that he was "canceling all appearances."

CNN said the Nation of Islam leader had wanted to rest before the rally where he will be a main speaker on a stage set up near the U.S. Congress and facing the mall leading to the Washington Monument.

President Bill Clinton will make a major speech on race relations at the University of Texas in Austin on Monday morning as the march gets underway in Washington.

The White House deputy chief of staff, Harold Ickes, deplored Mr. Farrakhan's controversial remarks but said that many of the people coming to the event were well intentioned.

"The president has not endorsed this march, certainly does not endorse the bigoted, hateful, anti-Semitic, sexist comments of Louis Farrakhan," Mr. Ickes said in a television interview.

Over the years, Mr. Farrakhan's black separatist mes-

sages and fiery speeches have been criticized as anti-Semitic, anti-white, and anti-Catholic and anti-women, causing many mainstream black organizations to boycott Monday's rally.

Such organizations as the National Association for the Advancement of Colored People, the nation's oldest civil rights group, have distanced themselves from Mr. Farrakhan, although they support the march's themes of self-reliance and personal responsibility.

The march and Mr. Clinton's speech both follow a deterioration in black-white relations since a mostly black jury acquitted Mr. Simpson of murdering his former wife, Nicole Brown Simpson, and her friend Ronald Goldman. Polls showed most whites felt that Mr. Simpson was guilty, while blacks supported the acquittal.

The civil rights leader Jesse Jackson said Sunday that statements in Mr. Farrakhan's speeches were "obviously" anti-Semitic, but added that he would join the rally.



Louis Farrakhan, the Nation of Islam leader, canceled all public appearances Sunday.

Away From Politics

A nurse whose allegations prompted an investigation into the death of the tobacco heiress Doris Duke has pleaded guilty in Los Angeles to stealing valuables from six wealthy patients. Tammy Payne, 28, faces up to 11 years in prison when she is sentenced on Dec. 14.

The prime suspect in the 1982 deaths of seven people who took cyanide-laced Tylenol capsules has been freed after spending more than 12 years in prison. James W. Lewis 49, was released from a federal prison in

El Reno, Oklahoma. He was never charged with the deaths, but was sentenced in 1983 to 10 years in prison for demanding \$1 million from Johnson & Johnson, parent of the Tylenol manufacturer, "to stop the killing." He also served more than two years of a 10-year sentence for a tax-fraud charge. (AP)

A bus carrying high school football fans rolled off a highway exit ramp in southern Indiana, killing the coach's daughter, who was pregnant, and a 9-year-old boy. The other 37 people who were aboard were injured. The bus rolled onto the driver's side and slid 50 feet while rounding the curve of the ramp off Interstate 70. (AP)

POLITICAL NOTES

States Miss Child Support Mark

WASHINGTON — Since 1980, the federal government has spent nearly \$2 billion helping the 50 states computerize their enforcement of child-support laws. Here is the list of states that met Congress's Oct. 1 deadline to have the new systems up and running: Montana.

The story of the federally mandated computerization effort, in which many states have major cost overruns and many single parents are not receiving their payments, underscores the difficulties states face in adopting the technologies needed to run major social programs being shifted to them from Washington.

"I think it's one of the saddest disappointments I've ever seen," said Frank Reilly, a division director for the General Accounting Office, Congress's watchdog agency. "It's a huge amount of money and very little accomplished."

Congress provided funding seven years ago to computerize collections but left it to the states to accomplish. Analysts say most state bureaucracies have failed because they lack technological expertise, are burdened by outmoded procurement rules and have fragmented decision-making processes. (WP)

White House Decries 'Blackmail'

WASHINGTON — The White House continued the war of words over the budget Sunday, accusing the House speaker, Newt Gingrich, of trying to blackmail the American public into accepting harsh Republican cuts.

"This is just plain blackmail," the deputy White House chief of staff, Harold Ickes, said of Mr. Gingrich's threat to present President Bill Clinton with a giant bill containing much of the Republican agenda just before the federal debt limit expires.

"That is not what people send their representatives to Washington to do," Mr. Ickes said in a television interview.

He said that Mr. Clinton was "prepared to reach out and have discussions, but he is not going to permit this country to be blackmailed by those kind of tactics."

Mr. Gingrich has suggested that Congress will adjourn approving a comprehensive plan to balance the budget over seven years, cut taxes and reform Medicare and Medicaid. Republicans have also vowed not to raise the debt ceiling until Mr. Clinton signs that package. (AP)

President Tackles Spousal Abuse

WASHINGTON — President Clinton has urged the nation's men to join him in pledging to "never, never lift a hand against a woman," and chastised the Republican-led House for trying to restrain administration efforts to protect battered women.

In his weekly radio address, Mr. Clinton noted that issues of domestic violence against women and children have vaulted in public awareness and divided the nation. Although Mr. Clinton avoided directly mentioning the trial and acquittal of O. J. Simpson on charges that he murdered his wife, he seized on the public debates in the aftermath of the verdict to decry spousal abuse and call for support of his programs to combat it.

"For too long, domestic violence has been swept under the rug, treated as a private family matter that was nobody's business but those involved," Mr. Clinton said. "Now everyone knows it is cowardly, destructive of families, immoral and criminal to abuse the women in our families."

Despite heightened awareness of the problem, congressional leaders are not doing enough, Mr. Clinton said. The House "has voted to cut \$50 million from our efforts to protect battered women and their children, to preserve families and to punish these crimes." (LAT)

Quote / Unquote

Gloria Steinem on the relative invisibility of Hillary Rodham Clinton: "I think it's a tactical decision and I can understand it. There is a truly vicious organized effort against her. But I miss her. She does make women proud." (WP)



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ASIA

Seoul Rules Out More Steps to Reconcile With North

By Nicholas D. Kristof
New York Times Service

SEOUL — Saying that he feels "betrayed" and "disappointed" by hard-line Communists in North Korea, President Kim Young Sam of South Korea has ruled out further steps any time soon toward reconciliation and dialogue on the Korean Peninsula.

Mr. Kim, speaking in a 90-minute interview Saturday on the eve of a trip to Canada and the United States, where he will meet with President Bill Clinton, also dismissed the prospect of a meeting soon between the leaders of the two Koreas.

"Given the uncertainty surrounding North Korea, I don't think this is an appropriate time to talk about an inter-Korean summit meeting," Mr. Kim said.

Mr. Kim's tough remarks underscored the hardening of attitudes in South Korea toward the North, and the degree to which disillusionment and distrust have replaced the hopes for dialogue that had hung in the air as recently as this spring. In June, for example, Mr. Kim had spoken with moderate enthusiasm about the possibility of a Korean summit meeting.

The boundary between the two Koreas, a no-man's-land of mines, barbed wire, tank traps and secret underground tunnels, remains the site of the greatest massing of enemy troops anywhere on the globe.

Mr. Kim's statements suggest that on the Korean Peninsula at least, the Cold War is not only still alive but risks breaking into a real war at any time.

"Our concern is that because of their desperation or frustration about their declining economy, they may start on a course of adventurous military provocation," Mr. Kim said. He added that signs of this have already become apparent in the last few months, with North Korea beefing up its armed forces and giving more power to the armed forces.

The bleak mood on the Korean Peninsula today contrasts with optimism that flickered quite recently. Last year, Mr. Kim was preparing for a meeting with the North Korean president, Kim Il Sung, when the northern leader suddenly died.

This spring, North Korea showed unexpected flexibility by asking for rice shipments to ease a shortage.

But then North Korea forced one of the South Korean ships carrying rice to raise a North Korean flag and detained crew members of another on charges of spying. In addition, North Korea continued to hold a fishing boat and crew that it had seized at sea earlier this year.

Mr. Kim said that the North Koreans had promised that if they received rice, they would release the fishing boat and also stop broadcasting denunciations of the South Korean government. But the fishing boat and crew remain in northern hands, and the broadcasts continue.

"We felt betrayed and we were very disappointed by North Korea's breach of its promises," Mr. Kim said. "North Korea is a very difficult partner to deal with."

The ball is in North Korea's court now, he said. For South Korea to resume rice shipments and other steps toward reconciliation, Mr. Kim said, North Korea must first release the fishing boat and stop the broadcasts vilifying South Korea.

Mr. Kim, who in 1993 became South Korea's first civilian president in a generation, spoke warmly of the role of the 37,000 United States troops in South Korea in deterring invasion and war. Yet Mr. Kim also called for a revision of the Status of Forces Agreement, the document that stipulates how American soldiers and military bases are to be treated under Korean law.

South Korea and Japan are now both seeking changes in those agreements, largely because of popular resentment at crimes allegedly committed by American soldiers. Mr. Kim warned that anti-American sentiment would increase unless the Status of Forces Agreement was amended.

The governments of both South Korea and Japan say they want to keep American bases. But the irritation at alleged crimes and the demands for revising the documents have added to the uncertainties about the long-term future of America's military presence in Asia.

While Mr. Kim was bitterly critical of North Korea, he reserved some of his harshest language for Japan — and it was when talking about Japan that he became most aroused. At the end of the interview, when he had not been asked about Ja-

pan, he brought up the topic himself and launched into an attack on what he described as Japan's failure to face its war responsibility.

In particular, Mr. Kim denounced recent comments by Japan's prime minister, Tomiichi Murayama, suggesting that the 1910 annexation of Korea by Japan had been legal.

"Many Japanese leaders have made misstatements about history, and in some cases they made sheer lies about what happened in the past," President Kim declared.

When Jiang Meets Clinton, He Won't Shrink Back



Visiting Canada — Prime Minister Li Peng of China and his wife, Zhu Lin, in Montreal during his trip.

By Steven Mufson
Washington Post Service

BEIJING — President Jiang Zemin of China has long sought a summit meeting with President Bill Clinton, but when the two leaders meet in New York later this month, Mr. Jiang is not planning any kowtowing.

Last week, he said he would "adopt a positive and pragmatic attitude" toward the meeting on Oct. 24, but declared that China had put an end to its "history of being humiliated and trampled by other powers."

Asserting that the Clinton administration had broken its own commitments to China by granting a visitor's visa to President Lee Teng-bui of Taiwan in May, Mr. Jiang said that the United States had committed a "hegemonic act" and added that "this is not the right way to treat others as equals."

Mr. Jiang made his comments on Wednesday during an interview with editors and reporters of Newsweek's parent company, The Washington Post Co., and a reporter from the Post.

During the 45-minute meeting at the Diaoyutai state guest house, the Chinese leader appeared self-assured and animated; occasionally, he switched into English to emphasize a point.

Questions had been submitted in advance, and Mr. Jiang referred to prepared sheets of answers. But he occasionally put aside the papers and spoke with feeling about U.S.-China relations and especially about the role of Taiwan.

He expressed concern about American legislators who have talked about the possibility of a new policy of "containment" this time aimed at China rather than the Soviet Union.

"If the containment policy prevails, then history would be going backward rather than forward," Mr. Jiang said. "It will not block China's development, and in the end it will hurt the United States."

He said he was not reassured by Americans who say that containment does not represent administration policy.

"When my friend from the United States said, 'We will not adopt a containment policy,' I said: 'Yes, I believe you. But how can I be sure others won't adopt a policy of containment?'" Mr. Jiang said.

"Sometimes I hear containment, sometimes engagement," he said. "Sometimes I hear containment. Later, I find out that this is called American democracy."

Mr. Jiang and Mr. Clinton have met twice at meetings of the Asian Pacific Economic Cooperation, including a meeting in Seattle. But Mr. Jiang will be the first Chinese head of state to hold a summit meeting in the United States in a decade.

The two leaders will try to highlight areas of cooperation.

Iranian Hijacker Charged in Israel

Agence France-Press

BEERSHEBA, Israel — An Iranian air steward who asked for asylum after forcing a plane to land in Israel was charged with hijacking on Sunday, legal sources said.

A court in the southern town of Beersheba ordered Jabari Rizah, 30, to remain in custody until his trial, they said.

Mr. Rizah, who asked for asylum either in Israel or the United States, has said he wants to convert to Judaism and marry a Jewish girl. He hijacked an Iranian Boeing 707 with more than 170 people on board on Sept. 19, Iran, which has accused Israel of involvement in the hijacking, wants him extradited.

Those relations deteriorated in May after the Clinton administration, under congressional pressure, decided to allow the Taiwanese president to attend a reunion of his graduation class at Cornell University in Ithaca, New York.

Beijing, which considers Taiwan a renegade province, said that the visa for Mr. Lee violated accords that downgraded U.S. ties with Taiwan when the United States re-established relations with China. The Clinton administration replied that the visit to Cornell did not violate the accords because it was just a "private visit" by Mr. Lee.

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BRIEFLY ASIA

Tribesmen Stage New Rampage Over Autonomy in Assam Region

NEW DELHI — Bodo tribesmen, campaigning for autonomy to preserve their ancient culture and language, killed 11 settlers in Assam state, news reports said Sunday.

The killings Saturday at Nalbari district followed an attack by the Bodos last Monday in a neighboring area in which 10 settlers were shot and killed.

The Bodos, mostly farmers of Mongol origin, have been demanding a separate homeland on the northern bank of the 2,900-kilometer (1,800-mile) Brahmaputra River in Assam, which borders Bangladesh and Bhutan. The Bodos say most of their tribesmen practice the Bodo religion, worshipping spirits believed to be embodied in trees and rocks. They claim they suffer discrimination by the Assamese, who are mostly Hindus.

The state police chief, Ranju Das, was quoted by Press Trust of India as saying he had asked the army to resume an anti-Bodo operation halted last year after an agreement between the state government and Bodo representatives. It was not immediately clear why the Bodos resumed their attacks. But militants among them say the state government has failed to honor an agreement under which the Bodos were to get limited administrative autonomy within the Assam state. (AP)

Dhaka Braces for General Strike

DHAKA, Bangladesh — Amid new attempts to bring the prime minister and opposition leader to the negotiating table, Bangladesh braced for new violence in a four-day general strike starting Monday against the government of Khaleda Zia.

Thousands of people fled Dhaka, some calling it a "strike holiday," while many of those remaining in the capital took precautions against disturbances.

Newspapers said those wealthy enough were going abroad, especially to neighboring India, and most others to homes outside Dhaka. "People are gripped by panic, fearing violence during the strike," said the mass circulation Janakantha daily.

But the newspaper highlighted hopes for moves by diplomats and a group of eminent citizens to end the 18-month political crisis caused by the opposition campaign to force the prime minister to resign. On Saturday, she called on the opposition Awami League chief, Sheikh Hasina Wajed, and other rivals, to hold talks instead of resorting to anti-government action. (AFP)

Gunmen Kill 15 in Karachi Unrest

KARACHI, Pakistan — Gunmen killed 15 people, including three policemen and a politician, in Karachi on Saturday night and Sunday, the start of a week in which planned opposition protests threaten renewed unrest.

On Thursday, the main opposition Pakistan Muslim League plans to stage a nationwide "black day" of protest to mark the end of Prime Minister Benazir Bhutto's second year in power. More than 75 people have been killed in Karachi this month, raising the death toll for the year to more than 1,600. (Reuters)

VOICES From Asia

Benazir Bhutto, prime minister of Pakistan, on the arrest of several senior army officers suspected of working for an Islamic revolution: "Some individuals are under investigation, but it is premature to say anything. When the investigations are completed, details will be known and the nation will be taken into confidence." (Reuters)

J. S. Dhillon, lieutenant general in the Indian Army, on foiling an alleged plot by Muslim militants to plant bombs in New Delhi during a Hindu festival: "It is a major finding as the terrorists had made all plans to mount the attacks." (AP)

Manuel Carrascao, an official in Dili, East Timor, on the fate of youths detained in the aftermath of riots: "I am sure they will face torture because past experiences indicated such practices took place from time to time. Youths who have been arrested by the authorities have told me they were electrocuted and beaten up to find out if they were pro or against the integration." (Reuters)

Blood Money Saves Maid's Life

Parents Pay \$41,000 and Thank Family in Abu Dhabi

ABU DHABI, United Arab Emirates — The parents of a dead man's eldest son, Faraj, "I want to convey to you that we are grateful for your decision. We are looking forward to the day when Sarah can join us. Only Sarah can help us in the future."

The Baloushi family on Saturday dropped their demand that Miss Balabagan be executed and instead forgave her and, in accordance with Islamic law, accepted *diyah*, or blood money, worth \$41,000.

The maid had been condemned to death for premeditated murder after the Islamic court rejected an earlier manslaughter verdict.

It also turned down her plea that she stabbed Mr. Baloushi, 70, 34 times in self-defense during a rape.

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EUROPE

Killed Hostages Freed Drama

A hijacked bus, carrying a gun and threatening to blow up the bus with grenades, initially killed 25 tourists, but freed all the four during the night as the bus was ringed by special anti-terrorist troops.

The bus was parked on a bridge near St. Basil's Cathedral on Red Square after being seized at about 5:30 P.M. Saturday.

At one point, a South Korean diplomat was permitted to enter the bus and talk to the hijacker. There were conflicting reports about the hijacker's identity. The Interfax news agency and Russia's independent NTV television station reported initially that he was North Korean and was demanding \$10 million. But the South Korean diplomat was later quoted by the Tass news agency as saying the hijacker was not Korean and "spoke Russian."

Several hours after taking the bus, the hijacker reduced his demand to \$1 million and safe passage to the Moscow airport.



South Korean tourists leaving Red Square after commandos freed them from a hijacker.

Ciller Asks Early Elections Call Comes After Defeat in Turkish Parliament

Compiled by Our Staff From Dispatches

ANKARA — Prime Minister Tansu Ciller called for early elections to replace her minority government on Sunday after she lost a confidence vote in Parliament.

"Legislative elections as soon as possible have become necessary for democracy and Turkish interests," she told legislators after the vote.

General elections were last held in Turkey in October 1991 and would normally be due in October next year.

"Democracy and the country need a very early general election," Mrs. Ciller told Parliament. She mentioned no date.

Official figures showed members of Parliament voted 230 to 191, with 6 absent, against her 10-day-old minority government.

Thousands of workers took to the streets of Ankara earlier on Sunday to demand a "no" vote, after Mrs. Ciller rejected their latest wage demands.

Mrs. Ciller has come under attack for resisting early elections and taking a hard-line with striking civil servants. She claimed an early election would

harm her economic austerity program and set back prospects for a customs union with the European Union.

Instead, she formed the minority government last week to replace the coalition that collapsed in September in a dispute over belt-tightening.

In a speech to Parliament, Mrs. Ciller said her party had paid the price for not giving into pay demands by strikers.

"We did not put our interests before the interests of the country," she said. "Our head remains high, high enough to touch the sky."

Mrs. Ciller's failure will prolong the political crisis and may give conservative parties a chance at gaining the upper hand.

A right-leaning government may make it difficult to pass democratization laws or lift limits on freedom of expression as demanded by the European Parliament. The reforms are necessary for Turkey's proposed customs union with the European Union at the end of the year.

The alternative to Mrs. Ciller's minority coalition may be a broad-based government,

including the pro-Islamic Welfare Party, which is against stronger European ties. But no radical changes are immediately expected to Turkey's Western-oriented policies or its role in the NATO military alliance.

The next general elections are scheduled for fall 1996, but early elections are possible.

She told Parliament last week that she would appeal for elections on Dec. 15 if she failed to secure the confidence vote. Although her center-right True Path is the largest in Parliament with 177 seats, it will be difficult for Mr. Ciller to impose her date on the legislature.

"A very early election has become a must for the interest of the country," Mrs. Ciller said in her speech.

(AFP, Reuters, AP)

BRIEFLY EUROPE

Open New Effort

Government ministers meet this week to discuss the Irish peace process by which weapons on the agenda of a

peace process between Ireland and Britain's Northern Ireland. The new drive for progress, the way for talks between British and Prime Minister John Major, abruptly canceled last month, will be followed by a visit to

President Bill Clinton's national security adviser, Anthony Blinken, urging a breakthrough in time for the Ireland and Britain next

(Reuters)

Terminates Herself

Prime Minister Mona Sahlin of Sweden has ended her official duties and did not want to succeed

as prime minister. "I intend to write a letter to the members to reconsider their

choice of party leader. If they can find anyone better, they should choose that candidate."

Mrs. Sahlin, until now the leading contender to take over the office of prime minister from Mr. Carlsson, acknowledged last week that she had used her official credit card for private purchases over a period of several years, but emphasized that she had reimbursed the state.

(Reuters)

Survey Bolsters Austrian Rightists

VIENNA — An opinion poll that appeared indicated that Austria's far-right Freedom Party had overtaken one of the governing coalition parties for the first time since a general election was called last week.

The survey gave Jörg Haider's anti-immigration Freedom Party 27 percent, one point ahead of the center-right People's Party, the junior partner in the outgoing coalition government.

Mr. Haider's anti-immigration party was also gaining ground on Chancellor Franz Vranitzky's dominant Social Democrats, which received 30 percent, one of its lowest results in an opinion poll.

(Reuters)

EU Unites in Drive on Terrorism

MADRID — The European Union, alarmed at the rise of Muslim fundamentalist violence, has pledged closer cooperation against terrorism, according to a statement from Spain, which holds the rotating EU presidency.

Calendar

European Union events scheduled for Monday:

BRUSSELS: Session of joint EU-Romania committee chaired by Hans van den Broek, commissioner for external relations, with East European and former Soviet bloc nations.

MALTA: Mario Monti, commissioner for the internal markets, meets Foreign Minister Guido de Marco, Finance Minister John Dalli and Economic Affairs Minister Josef Bonnici of Malta.

VIENNA: Environment Commissioner Ritt Bjerregaard meets the Austrian environment minister, Martin Bartenstein.

PRAGUE: The commissioner for regional policy, Monika Wulf-Mathies, visits the Czech Republic where she is scheduled to meet President Vaclav Havel and other senior officials.

KARLSRUHE: Speech by European unity by the commission president, Jacques Santer, at the annual conference of Germany's Christian Democratic Union.

PARIS: Speech by Sir Leon Brittan, commissioner for external trade and relations with industrialized countries, at the International Herald Tribune conference on "The New France."

Sources: Agence Europe, AFP.

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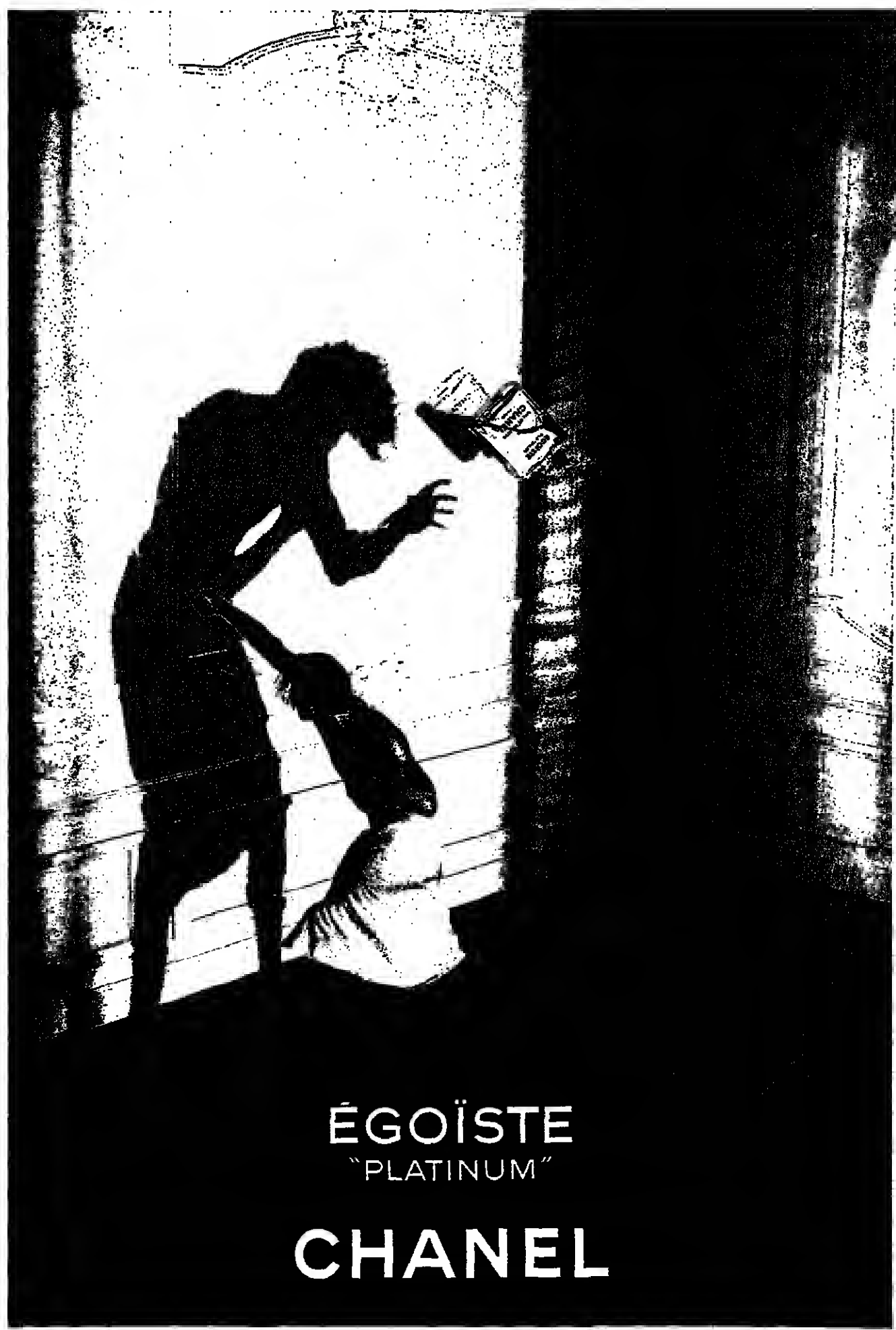
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SCARLETT
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EUROPE

Juppé Wins Party's Leadership

He Calls for Gaullist Unity on Budget Reform

By Joseph Fitchett
International Herald Tribune

PARIS — Prime Minister Alain Juppé was confirmed as leader of his Gaullist party Sunday without any public challenge from delegates about the government's troubles, including disappointment in public opinion and in financial markets with Mr. Juppé's performance during his five months in office.

Urging the party to stand with him, Mr. Juppé, who had been its acting leader, held out an olive branch to supporters of former Prime Minister Edouard Balladur, who lost out in the bitter presidential race that ended last May in the election of Jacques Chirac. This wing of the party has opposed proposed budget changes that it says would penalize savings and investors.

In his acceptance speech, Mr. Juppé gave no indication of any imminent policy changes, in-

sisting that the country was "on the right course" and denying that his government had promised benefits that have not materialized.

He appealed for patience while waiting for his policies to dispel the deepening economic pessimism. The negative mood was underscored by a poll that L'Expansion, a business magazine, will publish Monday, showing a new high — 47 percent — in the number of people fearing that France will be damaged by Mr. Juppé's actions.

In crisis meetings with top aides, Mr. Juppé has been trying to set a strategy to regain the initiative. The French press says that he is weighing two options: moving now to seek deeper spending cuts that are bound to be unpopular, or seeking first to improve his government's image and popularity, probably by giving more exposure to key cabinet ministers.

So far, he has given no public

indication of his thinking about a possible new approach. He canceled a speech he was scheduled to give Monday at an international conference of business people about "The New France" that is being sponsored by the International Herald Tribune and the French Institute of International Relations, a nongovernmental body.

In conveying his decision last Thursday, aides said Mr. Juppé was canceling several public appearances this week, citing other events where he had been expected to address business audiences.



Prime Minister Alain Juppé savoring victory Sunday at his party's congress in Chessy.

Q&A/Ousted Finance Minister Speaks Out

Will France Succeed? Watch the Deficit

As the government of Prime Minister Alain Juppé works to persuade financial markets that it is serious about reducing public spending and the budget deficit, one politician who remains outspoken in his call for radical reform is Alain Madelin, the free market-minded former finance minister who was forced to resign on Aug. 25. Mr. Madelin spoke with Alan Friedman of the International Herald Tribune.

Q. In your view, can France expect to meet Maastricht criteria in time for European monetary union by 1999, based on the current economic policies of the government?

A. That will depend very much on the decisions that will be taken in coming weeks with respect to the reform of the social security system, its organization and its financing, and also in the area of tax reform. The point is that it will be impossible to cut public spending and deficits without sweeping reforms.

Q. Should European monetary union be delayed by one or two years?

A. When I was finance minister I said aloud what everyone thought in private, namely that the target of a single currency by 1997 would not be met. As for 1999, it will depend on France because, as everyone knows, a single currency can't happen without France. But what I would stress is this: Achieving a single currency should be the result of our efforts, not the reason for our efforts. France has an interest in meeting the Maastricht criteria as quickly as possible because they are the criteria of sound

management. France should even go beyond the criteria.

Q. Can Alain Juppé and the government succeed now in reducing both unemployment and the deficit?

A. I have always considered the public sector deficit to be the enemy of employment. The best way to fight against unemployment, against high interest rates and to stimulate investment is to reduce the deficit. Unemployment levels are often in proportion to the size of public spending.

Q. Last week, when the franc was under attack, Alain Juppé blamed the "gnomes of London." What do you think of that remark?

A. The world economy is increasingly dominated by financial markets, and we have to get used to accepting their verdicts, whether favorable to us or not. I think I understand their mind-set. They've become watchdogs who will promptly punish any country that lets inflation or public debt get out of control. But they reward good economic policies. A champion of free markets like me thinks that they provide good discipline. I think it's often more important to listen to the opinion of those who lend France money, not just to the trade unions.

Q. In the course of recent weeks, Mr. Juppé has made two statements about the state of French finances. He said France is facing a "national peril" and he said "France is not gravely ill." What do you think?

A. France's deficit and debt problems

are very worrying. But the paradox is that France has winning cards — its companies have high productivity, they're creative and innovative — that have made us the world's fourth economic power. The challenge now is to seize the gains in productivity that would come by reforming the state, the public sector and the welfare system.

Q. What are some of your policy prescriptions for France?

A. Getting our finances in order will permit a lasting drop in interest rates, and that was my primary goal as finance minister. Between May and last August, while I was minister, short-term interest rates fell in three months by 1.75 percent and long-term rates by 0.4 percent, thus sharply reducing the spread with German rates. The franc was strengthening against the Deutsche mark. Today, our interest rates are increasing again.

Q. And what needs to be done?

A. We have to stop the snowballing effect of public debt. We have to cut deficits in order to get to a balanced budget or at least to a sustainable debt level. That means a vigorous cut in public spending, which has now reached 55 percent of our gross domestic product — a record level among industrial countries. The state needs to spend less and spend better, and that means restructuring our public sector, reducing the number of civil servants and controlling social spending. To stimulate growth, we need to reform the whole tax system and also loosen the regulatory and administrative constraints that discourage job creation.

As Accusations Fly, More Battles Flare In Northwest Bosnia

BIHAC, Bosnia-Herzegovina — Heavy fighting between government troops and Serbian forces flared again in northwest Bosnia on Sunday, despite a cease-fire signed four days ago, the two sides said.

Belgrade's Tanjug news agency said "three fighting" had occurred "on the Srebrenica battlefield" since early Sunday.

The Bosnian government's elite 5th Corps said, "Despite expectations, the cease-fire hasn't been observed today."

It added that the "Serbian paramilitary troops" of the Bosnian Serbian leader, Radovan Karadzic, had "opened fire with all available weapons on Bosnian Army defense lines and settlements in the Sava River valley."

"Defense positions were attacked by Serb mortar fire, while the wider area of Srebrenica Most was shelled by 120mm howitzers," the statement said. "The defenders were forced to respond several times to make the aggressor halt their attack."

Tanjug quoted the Russian Serbian Army as saying the "Serbian Serbs" "hardened resolution" to defend the area and "inflicted a fresh attack on government forces on the Sava front."

"The fighting is going on, and Serb soldiers have repelled first enemy attacks," it said. "The enemy was pushed back to initial positions after suffering heavy losses."

Mr. Karadzic blamed his own generals for battlefield losses and said some might be dismissed.

Speaking in Banja Luka, he said, "We must know who is responsible for a considerable loss of territory and military deaths, and those responsible will have to face the consequences."

His remarks appeared to mark the latest round of a long-running power struggle in August. Mr. Karadzic backed down from his attempt to dismiss his military chief, General Ratko Mladic, after the commander's generals pledged loyalty to him.

Algerian Rebels Threaten More Bombings in France

PARIS — Algeria's most radical armed group threatened more terrorist bombings in France, with a more menacing exploding Eiffel Tower and a hit list of French journalists, a newspaper said Sunday.

The weekly Journal de Dimanche quoted the head of France's police union, Jean-Louis Aranel, as saying he had received information indicating that terrorist attacks were being planned against targets that included the Eiffel Tower, the Place de la Concorde and major department stores.

The Journal said it had learned from unidentified sources that the Armed Islamic Group, or GIA, had also drawn up an assassination list of mostly French television journalists. The names of the journalists were not disclosed.

The radical group has taken responsibility for seven bombings that have left seven people dead and more than 150 wounded since attacks began July 25.

But the newspaper added that the police were not certain that the terrorist group had the capacity to carry out its new threats, aimed at forcing Paris to end its support of Algeria's military-installed government.

The newspaper said the strong police presence and repeated raids on suspected Islamic terrorist sympathizers since the bombings began last July had made it more difficult for the terrorists to act.

"French involvement in the many years of Algeria is so enormous," a Journal quoted an Islamic publication, Al Ansar, as writing.

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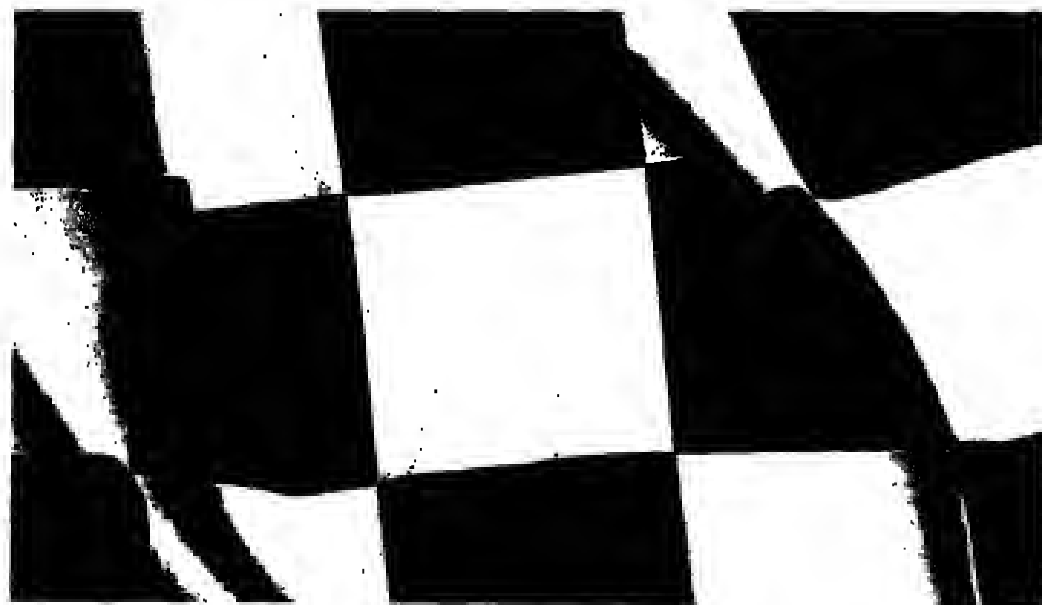
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INTERNATIONAL

Berlin: Bad Dream for Vietnamese

By Alan Cowell
New York Times Service

BERLIN — If there is a German version of the American dream, it begins and ends for some in Block F of a housing project at 6 Gehrensestrasse, in what was once East Berlin.

Here, framed by the concrete symmetry of Communist-era architecture, hundreds of Vietnamese trade gossip, buy newspapers in their own language, pay high rents for mediocre housing and scout for jobs. But they also keep one eye out for the police and wait for the answer to a question that hangs over them all: Will they be among the 40,000 Vietnamese that Germany plans to deport to Vietnam over the next five years?

This plan for systematic expulsion of contract workers hired by the Communist government in the former East Germany, who were never given permanent residency status, and of other Vietnamese who have immigrated illegally, was devised this year. It has been smoothed by a \$140 million (200 million Deutsche marks) German aid package for Vietnam — what some Germans are calling "head money."

It is a tangled tale of many strands and few heroes — of Cold War divisions that have worked to the advantage of organized crime.

But, most of all, the deportation exposes the central paradox of the country's attitude toward foreigners.

To prevent a revival of xenophobic neo-Nazi violence, officials insist, unwanted and undocumented foreigners should be kept out of Germany. But that, in turn, means that the agenda of the far right — summed up in its slogan, "Foreigners go home" — is being fulfilled by

a government that says it seeks social peace and justice.

Interior Minister Manfred Kanther, a man of tough words and strong action, says that such a policy is "the only guarantee against the abuses of uncontrollable movements of immigrants in the future and against popular discontent turning to radical political forces."

That is not how it seems in the hostels and apartment houses here that are so densely filled with Vietnamese that some Germans call them ghettos.

"The people are afraid," said Son Vu Van, who runs a counseling service for Vietnamese at another drab housing project nearby. "They are afraid to talk. They are afraid they will be expelled."

A man who lives in Block F declined to be identified because he feared that publicity would draw the immigration authorities' attention to him. "Who knows who will be expelled, or why?" he said. "All we can do is wait and see. There's nothing for us in Vietnam, so no one wants to go. But it's not good here, either."

His home, he said, is a 14-square-meter (150-square-foot) room that he shares with one other person in the five-story, government-run workers' hostel where many Vietnamese have found homes. The toilets, kitchens and showers are all communal. The rent is around \$370 a month — about half his earnings from construction work, the man said.

The residents of Block F are among an estimated 100,000 Vietnamese currently in Germany, the product of decades of uneven immigration.

In the 1970's, tens of thousands of South Vietnamese found willing asylum in the former West Germany, which introduced a special law to give them permanent residence rights. After the Com-

munist victory in Vietnam, East Germany imported about 70,000 Vietnamese as contract laborers in the 1980s, just as the West Germans imported hundreds of thousands of Turks as laborers in the 1960s.

Then came the collapse of communism and German reunification.

With too many workers and too few jobs as the newly unified state sought to implant a free-market economy in the east, the government offered each Vietnamese contract worker a \$2,000 payment and a ticket home. As many as 50,000 Vietnamese took the money and left.

But, as Europe's border restrictions began to crumble with the end of communism, up to 20,000 more Vietnamese workers who had been brought in by other countries of Eastern Europe came here unlawfully, adding to the flow of Poles, Russians, Gypsies and others already being drawn to what Mr. Kanther called "the magnet-like attraction of an economically strong Germany."

The response to the influx of foreigners was a violent neo-Nazi upsurge from 1990 until 1993 that persuaded the German authorities not only to crack down on the far-rightists, but also to strengthen immigration controls.

Germany's long-standing constitutional guarantees of asylum were scrapped. New legislation narrowed those guarantees only to those fleeing persecution who had valid identity documents and who had not traveled through any other country to reach Germany.

A separate set of rules was adopted to cover the anomalous situation of the Vietnamese from the former East Germany. These rules offered limited residence rights for a maximum of two years, but only to those who had jobs, homes and no criminal record.

Haiti Prime Minister Quits Over Reform

By Larry Rohter
New York Times Service

PORT-AU-PRINCE, Haiti — Frustrated by his inability to gain the backing of President Jean-Bertrand Aristide for economic reforms that the United States favors, the prime minister of Haiti has resigned, according to Haitian officials and foreign diplomats.

The decision by the prime minister, Smark Michel, to step down, has not been announced publicly. It comes just before the first anniversary of Mr. Aristide's return to power

after three years in exile. Mr. Michel, a businessman, was appointed prime minister a year ago this month and has worked closely with the United States and other foreign-aid donors to carry out economic reforms that Mr. Aristide endorsed while in exile in Washington.

But many of those measures, intended to open up Haiti's traditionally closed economy, have been opposed by Mr. Aristide's closest advisers and most ardent followers.

Haitian and foreign officials said Mr. Michel submitted a signed letter of resignation after

an agitated Cabinet meeting early last week. The immediate impetus of his action, they said, was his inability to win approval to sign an agreement that would guarantee Haiti \$100 million in credits from the International Monetary Fund and the World Bank.

A Haitian government official said that Mr. Aristide attended the meeting but did not take a position for or against the measures Haiti would have to undertake in order to obtain the money. He acted, instead, as "a referee."

It was not clear whether Mr.

Aristide had accepted Mr. Michel's letter of resignation, which reportedly specifies Monday as his date of departure.

President Aristide and his prime minister have also clashed over the related question of privatizing state-owned companies, including the telephone and electricity utilities, banks and the country's main port.

Mr. Michel has been leading that effort with little visible support from the president, whose own declarations on the subject have been ambiguous.

BOOKS

SEE NAPLES:
A Memoir of Love, Peace
and War in ItalyBy Douglas Allanbrook. 269
pages. \$22.95. Houghton
Mifflin.

Reviewed by Tim Parks

SEE Naples, the old expression goes, and die. Certainly this memoir is saturated with an awareness of imminent death. It hovers over the aging author's nostalgia for early love and struts across his wartime experiences up the length of the Italian peninsula. But then death, as Carlos Fuentes once remarked, is the greatest patron of the arts. "You must write," he said, "because you are not going to live any more."

A young American musician enlists in 1942. Boston-bred, he trains as an infantryman in Louisiana before being shipped to North Africa and then Naples. He survives some of the worst fighting in the Italian campaign, returns to Naples five years later on a Fulbright, starts a relationship with one local girl, then deserts her to marry another. Eighteen years

WHAT THEY'RE READING

• Pierluigi Piccini, the mayor of Siena, is reading Sebastiano Vassalli's "3012." The story is set at the beginning of the third millennium. It contains a powerful message about the evil forces in human nature and a prophetic vision of a future already recognizable in the world today. (Roderick Conway Morris, LHT)



pursuing the German army, and again of the truly epic adventure it was to blunder through the Apennines, accepting heavy and perhaps pointless losses, while on both Western and Eastern fronts the Reich was already collapsing.

The style is lively, and there is plenty of detail and anecdote: the courageous field surgeon who serves his patients sexually; the American chaplain's rotating altar — Catholic, Protestant or Jewish as the circumstances required; the fact that trucks returning prisoners to the Russians were left open so that the otherwise doomed men could jump over the side. Allanbrook wonders why captured German soldiers were so quick to collaborate, willingly pinpointing their comrades' gun emplacements.

The author is simplistic in appearing to blame Italy's whole fascist experience on Mussolini, lightly dismissing the man as a thug and a buffoon. If Mussolini remained in power, it was because so many Italians wanted him there.

But these are small irritations, as are the author's elusively confessional references to wives and girlfriends. The core of the book is a strong and moving picture of men at war.

Tim Parks, an English novelist who has lived in Italy for 15 years and written two books, including the recent "An Italian Education," wrote this for the Washington Post.

BRIDGE

By Alan Truscott

AN expert will occasionally depart from the standard conventions of defensive card play because the prospect of deceiving the declarer is far greater than the danger of deceiving the other defender.

An excellent example occurred in the final of the Vanderbilt Knockout Team Championship. North-South arrived in three no-trump, showing length in both red suits. West knew that he needed to develop spade tricks. And since he held 14 high-card points, he knew that his partner held little or no high-card strength and would have little role to play.

So West led the spade two, falsely announcing to all concerned that he held four spades, or possibly three. The fourth-best lead, which goes back to Edmund Hoyle two and a half centuries ago, opens the door for useful deception.

South played low from dummy, and East won with the jack and returned the six to dummy's ace. South was oow convinced that the opposing spades

were originally split four-four, so he led a heart. He expected to reach his hand sooner or later in hearts and take the normal diamond finesse. He was disconcerted to find that West could take the heart ace and four spade winners to defeat the contract. But if South had suspected that West held four more spades, he would not doubt have played the diamond ace from dummy, hoping to drop a singleton king, and would have been rewarded.

NORTH (D)		EAST	
♠ A 9	♥ 10 8 5 3	♠ J 8 5	♥ J 9 2
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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Talks Plus Airpower

Even with a formal cease-fire, Bosnia's agony continues. But the prospects for an early end to the suffering are now better than they have ever been before. Muscular U.S. diplomacy, backed by a sustained NATO bombing campaign, has made a decisive difference. It has also deepened the U.S. role in Bosnia and brought Washington new responsibilities.

The cease-fire was supposed to begin last Wednesday, but Muslim and Croatian troops continued to advance on the Bosnian Serb population center of Banja Luka. This offensive, which now appears to have subsided, has sent tens of thousands of Serbian refugees fleeing for safety and brought Serbian troops to abandon this month's scheduled peace talks. Serbian militias have struck back by expelling large numbers of Muslim women and children who report that the Serbs marched away thousands of their male relatives.

Despite these new spasms of violence, diplomats expect the cease-fire to take hold. Serbian, Muslim and Croatian bargainers are preparing for intensive peace talks that start in America on Oct. 31.

Six months ago, the Clinton administration resolved its long internal argument over whether to defer to the allies' insistence on strict neutrality between Serbs and Muslims or call on NATO airpower to halt Serbian assaults against the Muslim-led Bosnian government and its besieged civilians. Combining the two approaches, Washington embarked on a new course that for the first time united diplomatic pressure with serious NATO bombing to protect Muslim civilian enclaves.

While NATO bombs fell and Croatian and Muslim advances made the proposed division of Bosnia into two roughly equal ethnic zones a military reality, Assistant Secretary of State Richard Holbrooke deployed a mix of financial, political and military inducements and threats to achieve a preliminary constitutional compromise and a cease-fire.

The emerging settlement offers Bosnia's Muslim leadership less than its supporters once hoped for. But it probably assures Bosnia's political and physical survival and it morally obligates U.S. forces to participate in a postwar peacekeeping operation to guarantee that all sides live up to their territorial and humanitarian commitments.

Washington, as the acknowledged leader of international diplomacy on Bosnia, must now maintain its credibility with all sides. But it is not obliged to remain silent on issues like the Bosnian-Croatian offensive and threatened Muslim males of Banja Luka. NATO has rightly felt free to renew bombing attacks until peace and the safety of civilians are fully assured. Western airpower should not be used indiscriminately to shape the battlefield situation, but it would be appropriate to use NATO airpower for humanitarian purposes around Banja Luka, just as it was used effectively around Sarajevo several weeks ago.

The United States must tread a careful path, outwitting an emerging peace while doing what it can to restrain a still dangerous war.

—THE NEW YORK TIMES.

Farrakhan's Bigotry

In the terrible old days before the word "McCarthyism" had been pretty much universally accepted as both a noun and the opposite of a compliment, a lot of people reacted to the demagogic senator from Wisconsin by repeating what had come to be a formula of comfort: "I support his objective, even though I disagree with some of his tactics." More recently than that, in the late 1960s and early 1970s, when Alabama Governor George Wallace was still a fount of anti-black racial hatred and an impediment to black rights and was conveying this message in a drawn sly but unmistakable way to a growing white constituency around the nation, there were numbers of white liberals urging that conditional common cause be made with Governor Wallace because he was, in their construction, a "populist." Besides his racist pitch he was appealing to poor whites on valid and deeply felt issues of economic hardship and alienation, it was said, and so should be accorded some measure of legitimacy and respect on that account. The rest of his message was, well, the rest of his message, and one didn't have to accept that part.

The Washington Post rejected both of those positions. We did not think that Senator Joseph R. McCarthy's unjust, unrelenting assaults on the loyalty and integrity of so many Americans — his destruction of so many reputations — could be compartmentalized as relatively unimportant "tactics" that somehow had an existence apart from some allegedly admirable objective, whatever that objective might be. Likewise, we did not accept the odious proposition that George Wallace, going around the country inciting white resentment of black Americans, was merely (what a conception!) a part-time racist whose insulating, anti-black message could be neatly separated out and safely paid on mind while his alleged noble "populism" was being honored and embraced — by liberals, of all people.

In very much the same manner it seems to us that you cannot separate Minister

Louis Farrakhan into two different persons so far as accepting his leadership or his patronage is concerned. The vile anti-white, anti-gay, anti-Jewish ("blood-suckers" is the latest) pronouncements, to which Minister Farrakhan returns again and again, are not a fluke or an accident or just some irrelevant, idiosyncratic sideline. They are an inextricable part of the man and his message.

Let us be clear: In saying this we do not mean to suggest, as some with whom we deeply disagree have done, that any persons who choose to participate in the march that Minister Farrakhan organized for Monday must themselves therefore be anti-white, anti-gay, anti-Jewish or embodiments of any of the other bigotries that go in that package. What we do suggest is that in choosing to march under his patronage a number of good people are associating themselves with the whole man, not just the preferred part of him, and are thus consciously deciding that the hatred he represents can be accommodated or ignored or otherwise left unchallenged and uncondemned, that they can comfortably just "live with it" and remain essentially the same people they were before. We emphatically don't think so — never have in comparable situations and don't now.

The fact that the other part of Minister Farrakhan's message has had so much resonance with so many — the call for responsibility, for black men to reclaim their proper role in their families and communities, for atonement for wrongs committed and for the pursuit of unity of purpose — tells you how important those aims are and how derelict other leaders, black and white, have been in failing to understand and pursue them. Maybe now they will. That could be a benefit to everyone. But there is no benefit at all to being gained from glossing over the reality of Minister Farrakhan's bigotry. And there is something to be lost. Voluntary association with such bigotry must in some measure demean even the best of people and of causes.

—THE WASHINGTON POST.

Other Comment

Britain's Constitution

The constitution's most distinctive characteristic — the fact that no one ever bothered to write it down, so no one is sure what it says — divides the camps. Traditionalists marvel at this ineffable quality: Britain's constitution is, literally, too wonderful for words. Modernizers find that infuriating. The traditionalists need to realize that the rules by which Britain is governed are a legitimate object of scrutiny and revision. (But) without a crisis of improbable proportions, or the widespread conviction that Britain's system of government is a much greater failure than its democratic counterparts abroad, change must be both cautious and incremental.

[The Economist] has already argued the case for abolishing the monarchy. With or without the monarchy, Britain

must reclaim its constitution. The ideas that Britain pioneered and others adopted — the separation of powers, the notion that basic liberties must be sheltered from the power of the state — are precisely those which the British constitution, as it evolved, failed to embody. Other systems copied the best things in the British tradition: Britain let them wither.

The sovereignty of Parliament means that whatever the House of Commons says goes. Never mind whether it is revising traffic regulations or denying blue-eyed citizens the vote. The government, established on the basis of a minority of votes, has huge executive powers. Britain's constitutional defenses against an overmighty state are far too flimsy. The case for change in Britain is strong. The constitution is broken, and needs fixing.

—The Economist (London).

Bosnian Endgame: A Spotlight and Lots of Players

By Jim Hoagland

WASHINGTON — One sign that the Bosnian conflict nears endgame is the growing number of governments and politicians seeking a piece of the glory that a Balkan peace treaty would offer. Call it the Jimmy Durante/John F. Kennedy school of diplomacy: When things go well, everybody wants into the act. Only failure is a friendless, fatherless child.

U.S. negotiator Richard Holbrooke is not a man to underestimate the role of ego in life. That is one of the reasons he has been able to move the indicted war criminals, thugs, presidents and foreign ministers he mingles with off death center in Bosnia. Keep the ego factor in mind through the next few weeks of choreographed diplomacy. Often what is important is what you are not seeing.

Submerged ego explains why France will host the final peace conference if it happens, why Mr. Holbrooke has set an extra meeting of diplomats in Moscow for this Monday, why those diplomats learned of the breakthrough cease-fire accord from television, and why Britain will host a conference on reconstructing Bosnia.

It is easy to be shocked by all this. Nobel peace prizes should be reserved for the selfless and the pure of heart. But the making and breaking of careers, the advancement of political fortunes and a turn

in the global spotlight are at least as important in modern diplomacy as high-mindedness. Letting somebody else get some (but not a lot) of the credit for success becomes an integral, important part of the negotiation itself.

Add this for Bosnia: A settlement along the current lines of negotiation will result in the effective partition of a country that is recognized by almost all other states and is a member of the United Nations. That

Part of the job is giving some credit to others.

settlement will reward ethnic cleansing by the Serbs, Croats and even the Bosnian Muslims. It is a heartbreaking outcome, but the lesser of competing evils.

Each of the big powers — the United States, Russia, Germany and the others — has by its action and inaction contributed to that result. None want their electorates to dwell on that. All owe want a ticket on the reputation-cleansing peace train.

Mr. Holbrooke has maneuvered into a central role of passing out shares of reflected

glory to the Bosnian players and their big-power backers. He will want to keep his hand on the spotlight, using it to reward and punish in exploratory talks for the peace conference that begins on Oct. 31 at a still undetermined site in the United States.

That is one reason the State Department has narrowed its list of sites for these talks to U.S. military bases, which offer maximum physical security and control of the unruly American media. If Serbia's Slobodan Milosevic or Croatia's Franjo Tudjman start popping up on your television screen on their own unsupervised hook, the negotiations will be in big trouble.

But if the U.S. round of talks goes well, a full peace conference will be held in France. U.S. officials make no pretense about the reason: This is a reward to President Jacques Chirac for galvanizing the NATO powers into action and for continuing to pressure Serbia and Croatia during Mr. Holbrooke's shuttle diplomacy. "They really wanted it, and we owed them enough to see they got it," said one American insider.

Now Mr. Holbrooke and President Bill Clinton have to smooth Russia's ruffled feathers. Moscow had publicly sought the peace conference as recognition of its great-power status. But Mr. Holbrooke neglected even to tell the Russians that Mr. Clinton

would go on American television on Oct. 5 to announce agreement on cease-fire terms and the holding of talks in America.

Russia's usually even-tempered Deputy Foreign Minister Igor Ivanov exploded in anger when he, Mr. Holbrooke and British, French and German diplomats met in Rome the following day. In Moscow, Russian officials blamed the Americans for inflicting "a humiliating defeat" on Russian diplomacy. They should relax, Mr. Holbrooke, wanting Mr. Clinton to reap maximum political credit, also neglected to tell the other countries in the Contact Group on Bosnia before the president went on the air.

He agreed to paper over this contretemps by flying to Moscow for a special meeting of the diplomatic Contact Group on Monday. And Mr. Clinton will try stroking Boris Yeltsin into gracefully accepting a logistics and rebuilding role for the Russian military outside the NATO command in Bosnia at their summit in New York on Oct. 23.

None of this will bring peace unless the Serbs, Croats and Bosnian Muslims have decided on their own that they have had enough war. But reflecting glory onto others and expecting them to do the same unto you is a big part of modern diplomacy. Hope that Mr. Holbrooke has big enough a mirror.

The Washington Post.

Germany's CDU Wants a More Integrated European Union

By Peter Hintze

The writer is secretary-general of the Christian Democratic Union, a member of the Bundestag and head of the German-American Parliamentary Group.

KARLSRUHE, Germany — During the convention of the Christian Democratic Union that starts this Monday, delegates will discuss the party's policies toward the European Union. The CDU under Chancellor Helmut Kohl has led the discussion in Germany on European integration. The party is determined to deepen European integration and make it irreversible.

In order to improve the functioning of the Union and prepare the Union for enlargement, the Intergovernmental Conference next year must spur on the integration process. All member states must be able to take part in this integration process, but no single state should hinder other states from further integrating.

The political will to integrate and jointly operate is also the most important requirement for a

common European foreign policy. Therefore, we have to make some improvements.

Decisions on foreign and security policies which have on military implications should be made with a qualified double majority — that is, a majority of states, representing a majority of the Union's population.

Foreign and security policies which do have military implications should be decided in such a way that a minority of states cannot prevent other countries from acting. In order to coordinate our policies better, we suggest setting up an analysis and planning capacity.

The Union must be able to take a greater part in the protection of peace and security in Europe. We therefore want to integrate the Western European Union, as the European pillar of the Atlantic alliance, into the European Union. NATO remains the indispensable basis for our security.

Another important aspect will be improving coordination of interior and justice policies. We want a step-by-step transfer of interior and justice policies from the intergovernmental to the community procedure. The European police agency Europol should receive more operative powers of its own.

Security should not end at the borders of the European Union. Therefore, we want to extend the Schengen process to countries which are not yet EU members.

We believe that the rights of the European Parliament should be further developed, while the currently multiple and differing lawmaking procedures should be reduced in number, standardized and made more efficient.

An integrated European economic area is vital to Germany. More than two-thirds of our exports go into the European Union. We therefore want to complete the economic and monetary union.

A prerequisite for a common European currency remains the fulfillment of the strict stability criteria of the Maastricht treaty by those countries taking part. The first Central and East-Eu-

ropean states which fulfill the economic and political requirements for admission to the Union should become members around the turn of the century.

Expansion of the European Union is closely connected to enlargement of NATO and the WEU. In order to guarantee each member of the European Union the same security standards, we suggest that all EU members should also be members of NATO and the WEU.

Security and stability in Europe can be guaranteed only in cooperation with Russia. A democratic Russia is the precondition for a common European peace order. We therefore want a comprehensive and balanced partnership between the European Union and NATO on the one hand, and with Russia on the other.

International Herald Tribune.

What Do You Expect After the Work of Millions Is Wiped Out?

By Jeremy Rifkin

WASHINGTON — A new study reports that one in three American black men in their 20s is imprisoned, on probation or on parole. The breakdown of the African-American family and drug abuse are often cited as the immediate causes. A look back at the economic roots of the present crisis offers a far more telling explanation.

In the mid-1950s, automation began taking its toll in the manufacturing sector. Hardest hit were unskilled jobs in the very industries where black workers were concentrated. From 1953 to 1962, 1.6 million blue-collar jobs were lost in the manufacturing sector.

While the unemployment rate for black Americans had never exceeded 8.5 percent from 1947 to 1953 and the white rate of unemployment had never gone beyond 4.6 percent, by 1964 blacks were experiencing an unemployment rate of 12 percent while white unemployment was only 5.9 percent.

The civil rights activist Tom Kahn wrote grimly in 1964: "It is

as if racism, having put the Negro in his economic place, stepped aside to watch technology destroy that place."

The introduction of computers and numerical control technology on the factory floor in the 1960s accelerated the displacement process. Sidney Wilhelm summed up the historical significance of what had taken place at the time in his book "Who Needs the Negro?"

"With the onset of automation, the Negro moves out of his historical state of oppression into one of uselessness. Increasingly, he is not so much economically exploited as he is irrelevant... The dominant whites no longer need to exploit the black minority. As automation proceeds, it will be easier for the former to disregard the latter."

Thirty years later, African-American men are being incarcerated in unprecedented numbers. Drug-related crime is the immediate cause for the rise in

criminal activity, but underneath lies a far more menacing reality: an entire people rendered powerless and hopeless by a society that no longer needs their labor.

Today the same technological and economic forces are beginning to affect large numbers of white male workers, with potentially ominous consequences for society at large. Sophisticated computers, telecommunications, robotics and other Information Age technologies are fast replacing human beings in virtually every sector and industry. Factories with almost no workers and "virtual" companies loom on the horizon.

The emerging "knowledge sector" and new markets abroad will create some new jobs, but they are likely to be far too few to absorb the millions of workers displaced by the new technologies. That is because the Information Age economy is based on the use of ever smaller elite workforces combined with automated tech-

nologies to process goods and services, whereas the industrial economy relied on mass human labor to produce goods and services.

The steady decline of mass labor threatens to undermine the foundations of modern society.

For nearly 200 years, the heart of the social contract and the measure of individual human worth have centered on the value of each person's labor. How does society even begin to adjust to a new economic era in which most people's labor is increasingly devalued and even made worthless?

Every nation will have to grapple with the question of what to do with the millions of people whose labor is needed less, or not at all. The growth of the penal economy is one way to address the growing social unrest, crime and violence. If we continue along that path, Americans are likely to see increasing numbers of males in jail in the years to come.

The alternative is a soul-searching, nationwide debate on how best to share the vast productivity gains of the emerging Information Age to give every American both a place and a stake in the economic future of the country.

We are being swept up into a powerful technology revolution that offers the promise of a great social transformation, unlike any in history. The new high-technology revolution could mean fewer hours of work and greater benefits for millions. For the first time in modern history, large numbers of human beings could be liberated from long hours in the formal marketplace to be free to pursue family responsibilities, civic obligations and leisure activities.

If, however, the productivity gains of the Information Age are not shared, but rather used pri-

marily to enhance corporate profit, chances are that the growing gap between the haves and the have-nots will lead to widespread social disintegration and increased crime and imprisonment.

The writer, author of "The End of Work: The Decline of the Global Labor Force and the Dawn of the Post-Market Era," contributed this comment to the Los Angeles Times.

Yes, I'll March

WHEN I first heard of the Million Man March, my response was automatic: I telephoned my son, who's in college nearly 200 miles away, and commanded him to come to the event. Then I phoned the mothers of my 15-year-old nephew and my 16-year-old cousin, both high school males who also live some distance from Washington, to arrange for them to attend.

In the weeks leading up to this Monday's demonstration on the Mall, my phone has not stopped ringing. Black men I know from throughout the country have called, excited, pledging to bring sons, colleagues and friends and making bids for a place to stay.

The enthusiasm has generated a new camaraderie among black men and rekindled an activist spirit that has been dormant for years. I think brothers are responding to the call to march because they know we desperately need this event to boost our morale. In a very real way, the Million Man March represents a kind of therapy for black men.

—Nathan McCall, writing in the Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Island Mystery

SAN FRANCISCO — The following information has been received here from Honolulu: The Government received information that a boatload of armed men landed on this island, at a spot ten miles from Honolulu and, after questioning the natives, put off to a large schooner which was awaiting them. An armed tug was subsequently sent after the schooner, but no trace of the vessel could be found. The police have been armed and extra soldiers enlisted.

1920: Diamond Safe

PARIS — A diamond valued at 50,000 francs is now safely in the hands of its owners after a precarious journey from Lyons. Sent by registered post from that city to jewellers in Paris, the diamond went astray, and the consignees, after a certain length of time had elapsed, claimed and obtained the 50,000 francs for which the stone

had been insured. It was next heard of yesterday [Oct. 15], when a boy picked it up from the sidewalk in the avenue Hoche and took it at once to the police station, where it was assumed that the jewel was stolen and then lost by the thief.

1945: Laval Executed

PARIS — Pierre Laval, spectacular to the last, died at 12:31 p.m. yesterday [Oct. 15] before the firing squad that he had tried to cheat four hours earlier by swallowing cyanide. The Vichy premier and foreign minister, who was condemned by his countrymen as France's arch-collaborator, died with the words "Vive la France!" on his lips. Doctors had worked all morning to foil his suicide attempt and give to France the satisfaction of inflicting justice. Laval asked as a last request that he be allowed to signal the twelve soldiers to fire. The request was denied. The soldiers aimed well. No coup de grace was necessary.



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INTERNATIONAL

AMERICAN TOPICS

Changing Character Of Lower Manhattan

For the last 40 years, whenever lower Manhattan needed a shot in the arm, it came in the form of enormous new projects: Chase Manhattan Plaza in the 1950s, the World Trade Center in the 1970s, Battery Park City in the 1980s.

Now, with downtown languishing as many businesses move to the suburbs, an effort has begun to revive lower Manhattan by exploiting the buildings that are already there. The New York Times reports. Some obsolete office towers are to become apartment buildings — giving downtown a far more residential character.

Which buildings? Probably those with smaller floors, which can be adapted to apartment layouts, since there are proportionally more windows and exposures, meaning that daylight can reach more of the interior.

Elevation is another factor. Few people want to live at the bottom of a dark canyon. But many older buildings with bulky bases taper to slender towers, suggesting the possibility of offices below, apartments above.

The move is expected to gather speed now that the state legislature has granted tax benefits for conversions.

A show of 159 works by Claude Monet at the Art Institute of Chicago is drawing

people from all over the country. Scalpers are getting more than six times face value (\$10 weekdays, \$12.50 weekends) for tickets. The exhibit opened July 22 and runs through Nov. 26. When advance tickets sold out, people started joining the Institute for the Monet passes that came with memberships, which start at \$50. Membership has swollen from 92,000 to more than 150,000. Now the Art Institute finds itself obliged to limit new membership passes to a couple of dozen a day.

The \$15 million International Museum of Cartoon Art will open in March in Boca Raton, Florida. It will concentrate on comic strips and animated features rather than political cartoons. "Cartoons are art, a very difficult art," says Mort Walker, who draws "Beetle Bailey" and is the chief founder of the museum. "In a way I feel like I put on a little play every day."

In the aftermath of the O. J. Simpson trial, state officials in Charleston, West Virginia, report that 160 owners of automobiles have returned new license plates that begin with the letters "OJ." Jane Cline of the state Division of Motor Vehicles said "I understand some people found them offensive."

The cuckoo clock on the wall and the Neurotic Burger on the menu of the Crazy Burger Cafe in Narragansett, Rhode Island, are offensive to the mentally ill, contends Ann MacDonald, vice president of the Alliance for the Mentally Ill. She wants the restaurant's name changed and its menu reworded to eliminate items like the Loco Burger and the Just Plain Nuts Burger. For the owner, Michael Maxon, crazy simply describes someone "who is enthusiastic, overexcited." He said his salmon and pistachio burgers, eggplant and hummus burgers, "are kind of crazy burgers. I don't see how any of that could be offensive." *International Herald Tribune.*

Short Takes

A year after drawing widespread attention with a dramatized 18th-century slave auction, Colonial Williamsburg is planning a new series of events on various aspects of slavery on Oct. 28-29 — but not another auction. Last year's dramatization drew a crowd of 2,000 and moved many to tears. It won praise as a vivid window into a painful part of the American past. It also drew widespread protests, however, that Williamsburg was turning real horrors into entertainment.

A show of 159 works by Claude Monet at the Art Institute of Chicago is drawing

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Henry Roth Dies, Author of 'Call It Sleep'

New York Times Service

Henry Roth, who in 1934 wrote "Call It Sleep," a novel acclaimed as an American classic for its powerful portrayal of a Jewish immigrant boy struggling to survive in the slums of the Lower East Side, died Friday at Lovelace Hospital in Albuquerque, New Mexico. He was 89 and had lived in Albuquerque in recent years.

Despite the acclaim that greeted "Call It Sleep," Mr. Roth wrote nothing major for the next 60 years. In 1994, he published another work of fiction called "A Star Shines Over Mt. Morris Park."

The second book was a novel, but not a complete one. Mr. Roth envisioned it as merely the first installment of what was reported as a 3,200-page autobiographical novel he called "Mercy of a Rude Stream."

The book was supposed to pick up where "Call It Sleep" had left off. But it was not well received. In his years of literary silence, Mr. Roth had worked as a laborer laying pipes, as a substitute teacher of Latin and mathematics, as a precision tool grinder and as an attendant at a state hospital in Maine.

Paolo Gucci, 64, Scion Of Fashion Empire

LONDON (AP) — Paolo Gucci, a maverick Italian businessman who ultimately was dismissed from the global fashion empire started by his grand-

father, died Tuesday in London. He was 64.

The Italian news agency ANSA said he died of liver problems.

Mr. Gucci was a key player in the struggle for control of the fashion dynasty started in Florence in 1906 by his grandfather, Guccio Gucci, a leather goods salesman. The family infighting ultimately drove all the Guccis out of the company that still bears their name.

Mr. Gucci's father took the business to the United States in 1953 and made him vice president and managing director of Gucci Shops Inc. and Gucci Fragrances of America. A year later, his uncle, Rodolfo Gucci, fired him from the Italian parent company, claiming he failed to carry out his duties while in charge of a factory in Florence.

Mr. Gucci decided to market his own lines under the name Paolo Gucci and filed a lawsuit for compensation from the family business. Both decisions enraged his father, who fired him from his jobs with Gucci in America. Paolo Gucci went ahead with his own line, starting a bitter Gucci trade war. He sold his share in the family business in 1987.

Gerard de Vaucouleurs, 77, the astronomer who discovered that galaxies tend to conglomerate in superclusters, died Saturday in Austin, Texas. He was 77.

Eleni Vlachou, 85, a publisher who closed her newspapers

rather than submit to censorship during the military junta in Greece from 1967 to 1974, died Saturday in Athens.

Robert H. Finch, 70, a California Republican who managed Richard Nixon's 1960 presidential campaign and later served as his secretary of health, education and welfare, died of a heart attack Tuesday in Pasadena, California.

Charles Lacy Veach, 51, an astronaut and veteran of two space shuttle missions, died of skin cancer on Oct. 3 in Houston.

Harry Hurwitz, 57, an independent filmmaker and director of the 1971 cult film "The Projectionist," died of heart failure Sept. 21 in Los Angeles.

Ellis Peters, 82, the best-selling author and creator of the medieval monk detective Brother Cadfael, died Saturday in London.

Bela Varga, 93, Hungary's first speaker of Parliament after World War II and before the communist takeover, died Friday in Budapest.

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Tuesday

STYLE

From Paris to Milan, from New York to Tokyo, fashion editor Suzy Menkes covers the fashion front. With additional reporting on lifestyle issues, the Style section provides up-to-date information on developments in the changing world of creative design.

Every Tuesday in the International Herald Tribune.

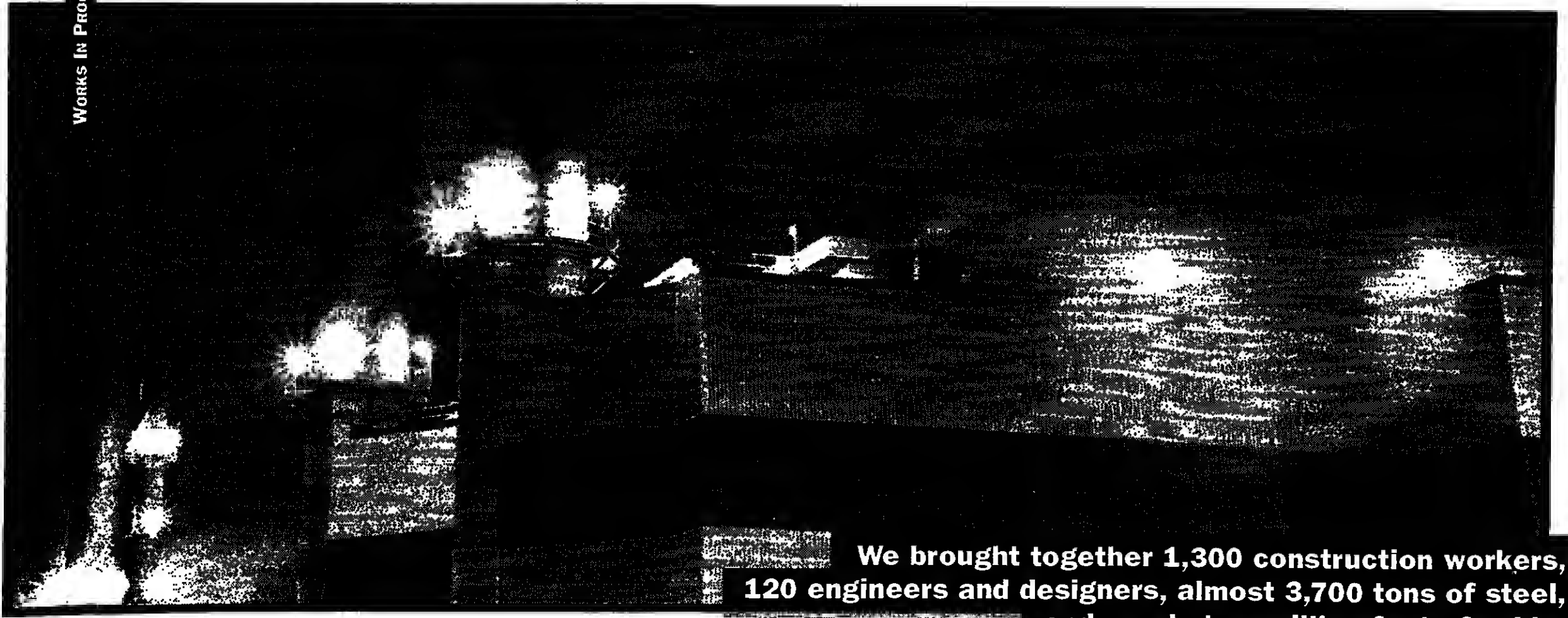
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INTERNATIONAL

Hezbollah Kills 6 Israeli Troops

Retaliation Is Expected for Ambush in Lebanon

By Barton Gellman
Washington Post Service

JERUSALEM — Hezbollah gunmen ambushed an Israeli armored patrol in southern Lebanon on Sunday, killing six soldiers and wounding another severely. It was the highest one-day toll for Israel in its self-declared "security zone" in more than two years.

Thousands of residents of northern Israel were expected to take to bomb shelters on Sunday night for fear that their government would strike back at Hezbollah, and that Hezbollah in turn would fire Katyusha rockets into Israel.

It is a distressingly familiar cycle for Israelis and Lebanese. Israel and its proxy militia, the South Lebanese Army, have held parts of southern Lebanon since 1978 in an effort to guard against infiltration and rocket attacks against Israel's northern Galilee region. Various Lebanese factions, dominated in recent years by Hezbollah, maintain a war of attrition to drive the Israelis out.

Israel has lost 22 soldiers so far in 1995, which is not out of line with its experience in recent years. But nearly half of the deaths — six on Sunday and three Thursday — happened in the space of four days, magnifying the political impact.

As usual, Israel saw a Syrian hand in its Lebanese travails. Hezbollah, or the Party of God, is thought to receive most of its inspiration and funding from

Iran, but it is headquartered in Beirut and stages operations from the Bekaa, both of which are controlled by Syria. Hezbollah is the only militia that Syria did not disband when it consolidated its hold on Lebanon more than 10 years ago, and Hezbollah's Iranian-supplied arms are shipped overland through Syria.

Lieutenant General Amnon Shahak, chief of Israel's general staff, said at a news conference Sunday afternoon on Israel's northern border that Syria did not direct individual attacks but had the means to prevent them. Like other government officials, he declined to say how Israel would respond but said the recent casualties did not mean the conflict was escalating.

The Saudi cable channel, MBC, broadcast television footage of tank transporters carrying Israeli armored reinforcements northward. Israeli television reported that Israel's Northern Command had canceled leaves and increased the alert level of its forces.

Israel's American-brokered peace talks with Syria have broken off in stalemate, and some analysts say they believe that Prime Minister Yitzhak Rabin prefers to put off further concessions until after elections next year. Foreign Minister Shimon Peres blamed President Hafez Assad of Syria for the deadlock. In remarks made to Israeli radio, he said that Mr. Assad wanted Israel to "accept

his opinion and then negotiate."

Moshe Maoz, an Assad biographer who is chairman of the department of Middle East Studies at Hebrew University, said Israel's recent display of indifference to the Syria talks might have prompted the flare-up in Lebanon.

"These are the tactics of our friend Hafez Assad," he said. "The pattern over the last several years is that whenever there is a stalemate in the negotiations he sends this crude and cruel message: If Israel wants peace and quiet in southern Lebanon, the address is Damascus and the price is the Golan."

Hezbollah has run what Israeli military officers acknowledge to be a skillful guerrilla campaign against the Israeli Army and its Lebanese proxies. Though overmatched in firepower and training, it has seized the initiative in many encounters and has grown more technologically sophisticated.

Major General Matan Vilnai, Israel's second-ranking officer, said late last week that Israel might have to reconsider its use of routine patrols in the security zone, a significant acknowledgment that his forces are vulnerable and his government unwilling to pay the price of a military solution.

Mr. Rabin is said by aides to be convinced that only a peace deal with Syria can stop the fighting in Lebanon, and he is resigned to holding up Israel's end of the war of attrition until then.



Iraqis voting Sunday in Baghdad in the referendum on Saddam Hussein's rule. Victory celebrations were prepared.

Defying Ban, Baghdad Buys Missile Parts

Covert Agents Spend Millions in Europe and Russia, UN Inspectors Find

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Iraqi government has used a covert network of purchasing agents and dummy companies to buy millions of dollars worth of sensitive missile parts from companies in Europe and Russia, in direct violation of the global trade embargo imposed by the United Nations, American and United Nations officials said.

The officials depicted the Iraqi purchases as a surprising reprieve of the country's largely successful effort before the 1991 Gulf War to buy key components for its missiles and other weapons of mass destruction from the West, an effort that Washington and its allies say they mistakenly believed they had stopped when the war ended.

They said that Iraq had evidently not used the equipment, which it acquired over the last several years, to make any second medium-range missiles prohibited by the United Nations. It instead has sought to stockpile the items for use at a later time and to conceal them from the UN weapons inspectors charged with ensuring that Iraq cannot rebuild its arsenal of such missiles.

The officials said the equipment that Iraq had obtained included key pieces of advanced missile guidance systems, like accelerometers and gyroscopes, a variety

of specialty metals, a set of special machine tools and a high-tech furnace that can be used to fabricate missile engine parts. The furnace, valued at more than \$1 million, was obtained from France.

A report issued this week by Rolf Ekeus, chairman of the UN Special Commission on Iraq, said Baghdad had also secretly placed orders for other missile-related technologies, supplies and material and had lied by claiming that items it purchased overseas were produced indigenously.

It is clear that Iraq has a very advanced procurement system that operates through a variety of front companies and has very murky, devious payment methods, Mr. Ekeus said after briefing members of the Security Council on the commission's recent activities in Iraq.

The UN commission has calculated that the missile-related orders reflect Iraq's willingness to spend tens of millions of dollars to rebuild a key facet of its prewar military capability, even though the country's leaders assert that it is financially strapped.

Iraq has acknowledged making some of the purchases in support of a major missile research laboratory outside Baghdad known as Ibn Haytham and at least two related facilities elsewhere, according to UN officials. But it has contended that the equipment was intended only for use in producing a short-range missile, which was not prohibited by the

United Nations at the end of the war.

Mr. Ekeus declined to say which countries the equipment came from, citing the commission's continuing effort to track down the companies involved to find out what else they might have sold. But another official said that one could name most of the European countries as suppliers, including Germany, France and Ukraine.

Millions Vote for Saddam
Millions of Iraqis voted "Yes" for Saddam Hussein as president Sunday in a referendum that is expected to show unanimous support for the Iraqi leader, Reuters reported from Baghdad.

At Baghdad polling places most of the voting was public, in full view of election officials. Organizers prepared to celebrate a victory for Mr. Saddam, setting up tents and installing light displays on traffic circles.

At many polling places, the flood of voters ticked the "Yes" boxes on the ballot papers right on the registration table and put them in the ballot boxes unfolded. Election officials, to help those confused by the unfamiliar process, pointed to the "Yes" box.

Baghdad hopes the referendum will repair the damage done when Mr. Saddam's sons-in-law defected in August and will help counter the argument that UN sanctions imposed after Iraq invaded Kuwait in 1990 are weakening him.

JAPAN: The Lure of Mysticism

Continued from Page 1

family, for example, keeps a Buddhist altar in the living room and makes daily offerings, but in the next room is a Shinto altar to other gods.

Like most women in Omiya, Mrs. Okuyama wore a supposedly divine sash from the fourth month of her pregnancy. Typically, the gynecologist writes a few lucky words on the sash, and helps pick an auspicious "day of the dog" on the traditional calendar to begin to wear it. The sash has pictures of dogs on it, and the idea is that it will allow the woman to give birth as easily as dogs do.

Mrs. Okuyama is eclectic enough in her theology to have attended a Roman Catholic church and taken communion as a bit of extra insurance. She even keeps a crucifix. "I got the crucifix for decoration," explained Mrs. Okuyama, a part-time office manager whose husband is an interior designer. "But if it works, that would be great."

Shintoism has been the traditional faith of Japan since ancient times. Buddhism arrived from China in the sixth century. Christianity followed in the 16th century, but after making inroads, it was brutally suppressed in the 17th century and has never recovered.

Under the military rulers in the early part of this century, Shintoism was the formal state religion and centered on venerating the emperor as a living god. But Emperor Hirohito renounced his divinity after World War II, during the U.S. occupation, and there is now no official religion in Japan.

Today Japanese turn to Buddhism mainly at times of death. Shintoism is more evident in marriages and daily life.

When Mrs. Okuyama's elder daughter was taking high school entrance examinations last year, the family took her to the nearby Shinto Head Shrine. When residents want to improve their brain power — or simply ease a headache — they pat the holy boulder at the Head Shrine and then touch their heads. Or they drink the holy water.

The priests at the shrine agreed, for \$50, to conduct their school-examination ceremony

for the Okuyamas' daughter. The priests pounded on drums, rang bells, waved a wand over the girl's head and chanted prayers to the God of Wisdom.

"It worked, and she passed the exam," Mrs. Okuyama said, beaming. "So we went back afterward and thanked the gods at the Head Shrine. I think it is from their mercy that she made it into her high school, because before then it didn't look as if she was going to make it."

To Japanese farmers, every natural feature can contain a spirit: a big rock, a tall tree, a creek, a hill, a rice paddy. A bad harvest or unexplained death may mean the gods are angry.

When Highway 42 was built 30 years ago to connect Omiya and the Kii Peninsula to the rest of Japan, there were many fatal accidents at first. The people of Omiya worried that the gods were upset, a possibility that seemed particularly likely because "42" in Japanese can sound like "to die."

So the entire town gathered together for an elaborate ceremony by Shinto priests to purify the highway and appease the angry spirits.

"Afterward, the number of accidents dropped," said Kazuo Sakai, a retired school principal. "Of course, maybe it was just that people had been made more aware of the risks."

Omiya has more than a dozen Shinto shrines, one for each tiny cluster of families. Almost any person who builds a home or breaks ground for a new business first summons a priest, like Uhei Ono, 71, who serves part-time at a local shrine on a hillside.

Mr. Ono wears a white silk kimono and tall black hat to the purification ceremony. "O honorable god, please remove all our sins," he chants. "Please hear our requests."

He then waves the branch of a holy tree and shakes salt on the ground to appease the spirits.

"It's so there is no fire or disaster on the site," Mr. Ono explained. Asked if this was just a custom or if he really believed it, Mr. Ono said he believed.

"I've never heard of a fire at any building where I had conducted a purification ceremony," he said.

MARCH: Anger Resurfaces

Continued from Page 1

criticism for contending that "anyone who attends the march is coming to support the Honorable Louis Farrakhan."

Organizers are predicting that the Million Man March will draw hundreds of thousands of black men to Washington in response to Mr. Farrakhan's call for them to "straighten their backs and atone with God and one another."

The march was endorsed by many prominent black politicians and clerics after Mr. Farrakhan promised that it would be nonviolent.

In the Reuters interview, Mr. Farrakhan raised subjects that have caused divisions before. "It was rabbinical scholars who developed the Hamitic myth that we as black folk were the children of Ham, cursed black," he said. "Jews were involved in the slave trade. Jews held slaves in this country."

When we used the term bloodsucker, it doesn't just apply to some members of the Jewish community," he said. "That could apply to any human being who does nothing for another but lays on that human being to suck the value of its life without returning anything."

Mr. Farrakhan said that Jews were among a succession of ethnic groups who had done business in black neighborhoods but had not contributed to them: Palestinian Arabs came, Koreans came, Vietnamese, other ethnic and racial groups came. "And they took out of our community, but they never put back in our community," he said.

He also discussed a failed plot to take his life that he said was originated by Qubilah Shabazz, daughter of Malcolm X, the one-time Nation of Islam leader. "Let's take one step off of Qubilah for a moment because her sentiment is not the enemy," he said. "Her sentiment is a pawn in a bigger game. And the bigger game was to use a Jewish friend of hers that grew up with her, that she believed in and had confidence in. And he hated me as a Jew."

CIA: Spying for Economic Advantage Is New, but Is It Working?

Continued from Page 1

more subtle world of trade politics, where economic competitors are also political allies, and where a far wider range of players — industrialists, bankers and politicians worried about jobs back home — want their say.

In 1993, the Clinton administration asked the CIA for dramatic improvement in three areas where it had previously played only a bit role: supporting trade negotiations; tracking legal and illegal tactics other countries use to win business, and spotting financial troubles that can become foreign policy crises, as happened in Mexico last year.

One of the CIA's first explorations into the new territory came during the 1993 negotiations over the General Agreement on Tariffs and Trade. It provided accounts of discussions among key countries negotiating the worldwide trade pact, focusing on the thinking of the French president at the time, Francois Mitterrand; the French prime minister, Edouard Balladur, and the head of the European Commission, Jacques Delors.

But in the end, the agency displayed more energy than results, administration officials say.

"We discovered this doesn't come to them naturally, like an arms-control negotiation," said one senior official who received the CIA's reports.

"Give them very specific direction on a limited basis, with a limited time and scope, where they can give you information that they have gathered electronically, and it's pretty helpful," this official said. "But the minute that you rely on their political or economic assessments — well, let me be delicate — their capabilities are limited."

Another top U.S. official was more direct: "The important stuff is garbled. And most of what you get is garbage."

By most accounts, the agency did better in this year's high-stakes negotiations with Japan, where a key question was what the Japanese auto industry was telling — and was being told — by the Japanese government.

Partly prompted by intelligence reports, the Americans told the Japanese automakers that negotiators from Japan's Ministry of International Trade and Industry were misrepresenting U.S. demands.

American negotiators also asked for details of internal discussions between the ministry and rival agencies. Thanks to Tokyo's own intense rivalry, the CIA got a break.

Most of the secure telephones in the Japanese government are controlled by the Foreign Ministry. But trade officials of MITI shunned those phones, both to keep their own diplomats from listening in and because the foreign minister was the trade minister's chief rival at the time to become the new prime minister.

In the end, intelligence proved of limited use in predicting how far Mr. Hashimoto would go. Critics of the unimpressive accord, which chipped away at market barriers without removing them, questioned whether the result justified the effort.

But a senior administration economic official said the political prominence of the car talks sent an important message to the CIA: Focus more energy on economic security.

"We can't go into this kind of thing disarmed," one top official said. Mr. Deutch knows that, the official said: "The question is whether we will have the time to change the culture of the agency."

Government officials who rely on the CIA for economic intelligence say it has failed at the second major task: Warning

government officials about imminent changes in other nations' fiscal policies.

"The agency is accustomed to a world where it has a monopoly on information," one senior official who receives daily CIA reports said. "If you are interested in Iraq's nuclear weapons program, you don't have many other choices for your information. But if you want to know what the Bundesbank is going to do next, or whether Brazil is thinking of devaluing its currency, there is a lot of competition. And it is hard for the agency to add value."

Tracking global capital flows or predicting currency crises is beyond the agency's ability, said Allan E. Goodman, a former CIA official and academic dean of Georgetown University's School of Foreign Service.

"We don't have the sources, we don't have the expertise," he said. "To develop an understanding of the people who trade currencies, their motivations, their lifestyles, you'd have to send your people to Harvard, Stanford and Wharton for years. Currency traders keep secrets very, very well, and to penetrate that would be the equivalent of cracking the operation code of the Politburo or all the Japanese codes in World War II."

Mr. Deutch played a major role in awarding both contracts but has denied any wrongdoing, although he acknowledged that he was aware of an offer from Agusta. Corporate donations to political parties were legal and widespread at the time.

The parliamentary committee also recommended that a former Belgian defense minister, Guy Coëme, be sent to the high court for further investigation in the Dassault case.

Three other Belgian ministers have resigned in the affair over the past two years.

ITALY: Berlusconi Trial

Continued from Page 1

Italy's old political system beginning in 1992, of conducting a witch-hunt against him and Fininvest, which owns television stations, supermarkets and financial consulting services.

Mr. Berlusconi took office in March 1994 after leading his coalition to victory in elections with promises of political stability and clean government. He was informed of the pending charges against him while serving as host of a meeting of leading industrial nations in Naples in November.

His government fell a month later, when the Northern League pulled out of the coalition. In January, President Oscar Luigi Scalfaro appointed a government headed by a former central banker, Lamberto Dini, to run the country until new elections.

Since then, Mr. Berlusconi has pressed for early elections to test the mandate that he asserts was taken from him, but a stalemate over how and when to hold the vote has led many to predict that Italians will not vote before next year.

Mr. Berlusconi said Saturday that he would "leave it to the Italian people to judge and draw the obvious conclusions" about the charges against him. He has repeatedly said that as head of the company, he knew nothing of alleged bribes paid to tax inspectors in return for favorable audits.

But Judge Paparella said that the evidence showed a "whole chain of events" that needed to be cleared up.

"Nothing emerges from a reading of the court papers and the preliminary hearing to conclude that Silvio Berlusconi was unaware" of the payments, the judge said.

(Reuters, NYT)

CLAES: Pressure Mounts

Continued from Page 1

German as leader so soon after Mr. Wörner.

Mr. Claes was clearly taken aback by the decision of the parliamentary committee. The panel heard Mr. Claes for 6½ hours on Friday, then deliberated in closed session for most of the night before recommending that Parliament lift his immunity and refer the case to the Cour de Cassation, the high court.

The committee's 11 members represented the full political spectrum in the Chamber of Representatives, leading most predict that the lower house of Parliament would approve the recommendation. Committee members said a referral was equivalent to an indictment as the court could formally press charges without going back to Parliament.

"It's a total contradiction," Mr. Claes told Belgian radio. "On one side, they admit the investigation should continue, but in all court procedures you can't indict people when an investigation is not completed."

The court has sought to indict Mr. Claes for corruption, fraud and forgery in connection with the payment of 51 million Belgian francs (\$1.7 million) to the Dutch-speaking Socialist Party by Italy's Agusta, just weeks after it won an 8 billion franc order from the Belgian Army. It also cited Mr. Claes over payments of 60 million francs allegedly made to the Socialists by France's Dassault after winning a 6.5 billion franc contract to upgrade electronics on Belgium's F-16s.

Mr. Claes played a major role in awarding both contracts but has denied any wrongdoing, although he acknowledged that he was aware of an offer from Agusta. Corporate donations to political parties were legal and widespread at the time.

The parliamentary committee also recommended that a former Belgian defense minister, Guy Coëme, be sent to the high court for further investigation in the Dassault case.

Three other Belgian ministers have resigned in the affair over the past two years.

FORCE: Policy Planners Worry About Winter's Effect on Troop Safety

Continued from Page 1

harder and a lot more dangerous."

Among the risks that would become inherently more dangerous in bad weather is finding and disarming land mines. United Nations officials estimate that there are 6 million active mines scattered throughout the mountainous terrain, but they have identified only a million of them.

U.S. planners say they fear the job of laying markers in wooded areas to delineate demilitarized zones or even taking breaks along narrow back roads will be treacherous because of the mines.

In addition, all bridges between the likely north Bosnia entry points and the city of Tuzla, where officials are plan-

ning to headquarter U.S. troops, have been destroyed, and rebuilding them during the winter would be difficult, officials said.

By December, weather conditions for ground operations — safely patrolling demilitarized zones between the parties, detecting surprise assaults and moving over the rugged terrain — drops from an 86 percent favorable rating to only 41 percent, the documents show.

Meanwhile, the ability to gather intelligence from high-flying spy aircraft will become nearly impossible.

The documents, including a "Current Intelligence Update" on a Bosnian deployment, were obtained by The Washington Post from congressional sources who were briefed last week by U.S. military com-

manders in Germany, where most of the U.S. troops would come from.

"The window of opportunity is pretty small, and we are weeks, if not months away from a peace agreement," said Representative Martin R. Hoke, Republican of Ohio, who heads the defense working group on the House Budget Committee and who has been briefed by aides on the army's thinking.

"This could become a nightmare very, very quickly."

A White House spokesman who asked not to be identified said, "It is clear we want to push forward with negotiations as rapidly as possible for a whole range of reasons, including the challenge of any military operation in inclement weather."

Some planners see the bad weather as a benefit, a Penta-

gon official said, since the warring armies have all but ceased fighting during the last three winters in the former Yugoslavia. But the documents do not share that view.

According to U.S. Army and NATO officials in Europe who are planning the deployment, the former Yugoslavia is to be divided into four sectors, each under the control of the Americans, French, British or Dutch. American troops would be responsible for "Sector A," a 30-gallon hat-shaped area in the northeastern part of the country with Tuzla as its headquarters at the top. It would likely include some Serb territory.

The sector has a 220-mile (350-kilometer) front, most of which would be a marked off as a "zone of separation" dividing the former warring factions.

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CAREERS

Consultants in Eastern Europe Say They Aren't to Blame for Projects' Failures

By Justin Keay
Special to the Herald Tribune

LONDON — Whether advising on privatization in Poland, suggesting how best to reform Hungary's banking system or re-vamping Romania's tourist industry, consultants have been in the front line of the West's efforts to help post-Communist Europe help itself.

But where they once were welcomed as saviors imbued with special knowledge, they are now increasingly reviled as overpaid — an average daily rate for a Western consultant in the region is 1,000 European Currency Units (\$1,315) — ill-informed or under-equipped to deal with the problems.

Resentment has been fueled by the knowledge that this army eats into the West's aid pro-

grams — taking up as much as 40 percent of last year's 2 billion Ecus disbursed by PHARE, the EU's assistance program for Eastern Europe — and its soldiers rarely stay in one place, prompting critics to use the phrase "consultancy tourism."

Prime Minister Vaclav Klaus of the Czech Republic has often said that his country no longer needed this "expertise," and other leading figures increasingly feel they are able to help themselves.

But David Westover of the public relations firm Dewe Rogers, who has handled campaigns for clients across the region, contends that his company's expertise in promoting privatization has been critical to the success of programs in countries as diverse as the Czech Re-

public, Kazakhstan and Romania.

"In Kazakhstan we had only two months to come up with a campaign, yet the end result was quite successful," he said.

John Howell, a senior partner at the accounting and consulting firm Ernst & Young, admitted that the profession has its share of amateurs and opportunists, but he said that much of the criticism has been misplaced.

Consultants, he said, are rarely given much of a say in developing projects from the outset or in identifying needs, and the strict rules that are laid down by some aid agencies — including PHARE and TACIS, the European Union's program for the much of the former Soviet Union — sometimes prevent consultants from doing as

much as they could to help complete a project.

"They are very inflexible when selecting a consultant for a project," he said, citing requirements aimed at ensuring that all 15 EU countries have a

share of the business regardless of which firm may be best

suited to the work. Indeed, he said, this kind of requirement could be a major reason for Eastern Europe's complaints about "consultancy tourism" and wasted money.

"In using consultants, the EU must ask itself whether it is seeking solutions to particular problems or whether it is merely buying a series of experts for the best going price: at the moment, it seems to be the latter," Mr. Howell said. The World Bank, he said, with its long tradition of using consultants, is far more sophisticated in its selection criteria.

For him, too, the agencies' terms of reference are too strict: In writing his report on a project in Kyrgyzstan, he had to leave out the fact some of his staff were giving English lessons on their own time because that was outside the parameters of the agreed project.

Other consultants say some of the blame lies with host governments that they say fre-

quently have little idea exactly what they want the consultants to do. There is little point, for example, in requesting a costly master plan for the development of a tourism sector if no one is in a position to implement its proposals or if — as BDO says happened to it in Romania — the government was opposed to implementing any real change.

They say that what is needed is aid coordination — at both the agency and government level — to ensure that money is well targeted and spent properly.

Despite all of this, changes in the focus of consultants' activities in the region are taking place, with projects in the more developed countries of Central Europe becoming fewer and better focused. Moreover, as the

bulk of work moves farther east, Western consultants can see signs that their efforts have not been in vain. This month, Bulgaria and Romania are launching mass privatization programs — with consultancy services provided by the Czechs.

PHARE and other agencies suggest that this will be increasingly the trend. Tom Glaser, head of the PHARE information service in Brussels, said Polish consultancy firms were involved in more than 3,000 projects across the region, and Hungarian companies now have won more EU contracts than all of the Spanish, Danish, Greek and Irish ones combined.

"I'm delighted," Mr. Glaser said. "This is the best sign that our efforts in the region have not been in vain."

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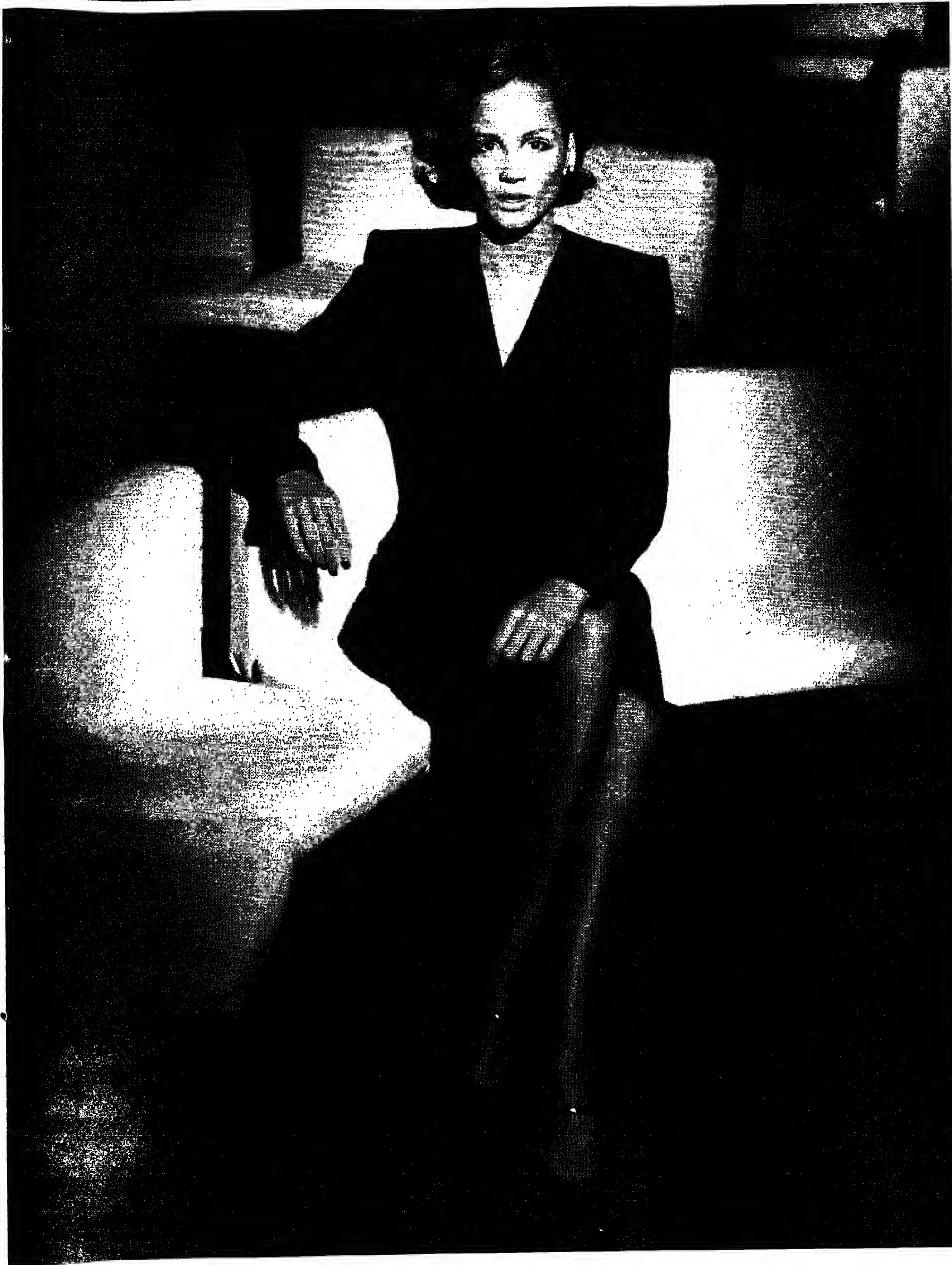
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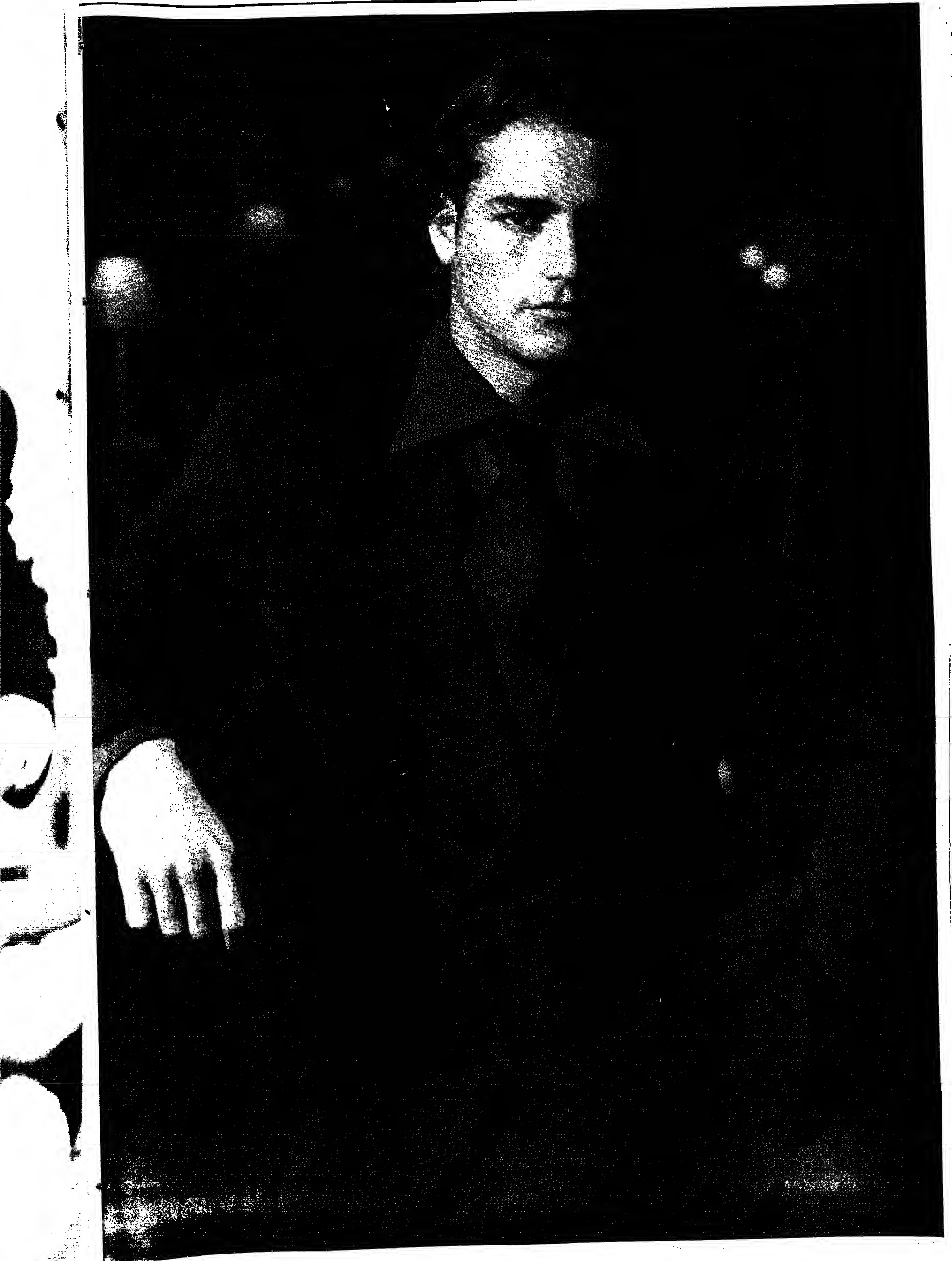
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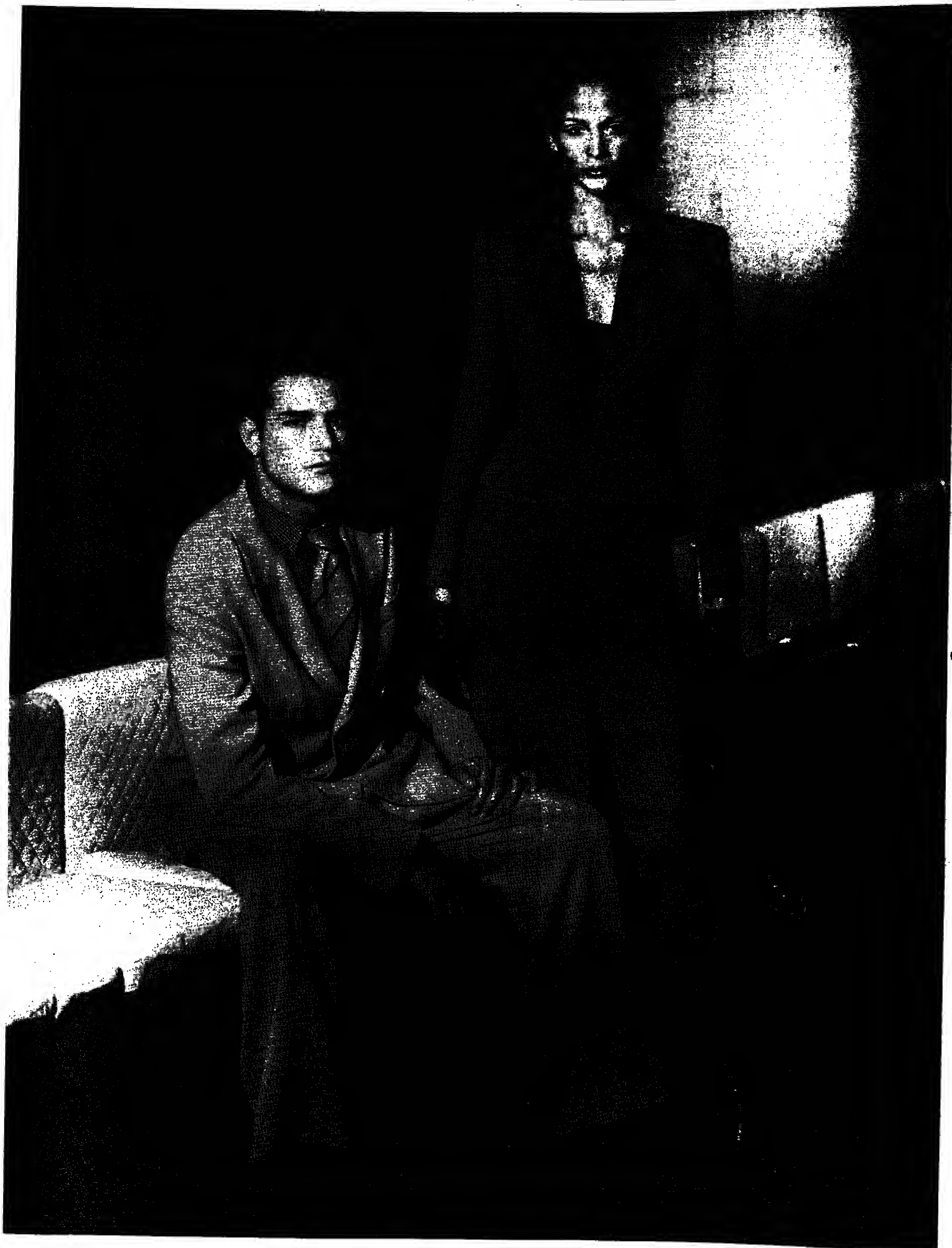


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Country	Year	Population	Urban	Rural	Sex Ratio	Life Expectancy	Infant Mortality	Healthcare	Education	Employment	Income	Environment	Other
Albania	1989	2,500,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Algeria	1989	10,000,000	65%	35%	105	72	120	Low	Low	Low	Low	Low	
Angola	1989	10,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Argentina	1989	30,000,000	85%	15%	105	72	120	High	High	High	High	High	
Australia	1989	15,000,000	95%	5%	105	72	120	High	High	High	High	High	
Austria	1989	8,000,000	95%	5%	105	72	120	High	High	High	High	High	
Azerbaijan	1989	6,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Bahrain	1989	1,000,000	95%	5%	105	72	120	High	High	High	High	High	
Bangladesh	1989	100,000,000	35%	65%	105	72	120	Low	Low	Low	Low	Low	
Barbados	1989	250,000	95%	5%	105	72	120	High	High	High	High	High	
Belarus	1989	10,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Belgium	1989	10,000,000	95%	5%	105	72	120	High	High	High	High	High	
Belize	1989	300,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Benin	1989	10,000,000	35%	65%	105	72	120	Low	Low	Low	Low	Low	
Bhutan	1989	2,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Bolivia	1989	8,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Bosnia and Herzegovina	1989	4,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Brazil	1989	150,000,000	85%	15%	105	72	120	Low	Low	Low	Low	Low	
Bulgaria	1989	8,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Burkina Faso	1989	10,000,000	35%	65%	105	72	120	Low	Low	Low	Low	Low	
Burundi	1989	5,000,000	35%	65%	105	72	120	Low	Low	Low	Low	Low	
Cambodia	1989	10,000,000	35%	65%	105	72	120	Low	Low	Low	Low	Low	
Cameroon	1989	10,000,000	35%	65%	105	72	120	Low	Low	Low	Low	Low	
Canada	1989	30,000,000	95%	5%	105	72	120	High	High	High	High	High	
Cape Verde	1989	400,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Casakhstan	1989	15,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Catalonia	1989	5,000,000	95%	5%	105	72	120	High	High	High	High	High	
Cayman Islands	1989	50,000	95%	5%	105	72	120	High	High	High	High	High	
Czech Republic	1989	10,000,000	95%	5%	105	72	120	High	High	High	High	High	
Cote d'Ivoire	1989	10,000,000	35%	65%	105	72	120	Low	Low	Low	Low	Low	
Croatia	1989	4,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Cuba	1989	11,000,000	95%	5%	105	72	120	High	High	High	High	High	
Cyprus	1989	700,000	95%	5%	105	72	120	High	High	High	High	High	
Czechia	1989	10,000,000	95%	5%	105	72	120	High	High	High	High	High	
Dominican Republic	1989	3,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Dominica	1989	70,000	95%	5%	105	72	120	High	High	High	High	High	
DRC	1989	50,000,000	35%	65%	105	72	120	Low	Low	Low	Low	Low	
Ecuador	1989	10,000,000	55%	45%	105	72	120	Low	Low	Low	Low	Low	
Egypt	1989	50,000,000	65%	35%	105	72	120	Low	Low	Low	Low	Low	

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CYBERSCAPE

Good Earnings, It Seems, Just Don't Go Unpunished

By Edward Wyatt
New York Times Service

NEW YORK — Intel Corp. and Microsoft Corp., twin gorillas of the technology industry, will tell shareholders how much money they earned in the quarter just ended. The amounts undoubtedly will be impressive to the average investor, that is, but perhaps not to the teatime readers on Wall Street, who can find disappointment in the most upbeat report of corporate profits or forecast of business trends.

That was the case three months ago, when Intel said it had earned \$879 million in the quarter ended in June. That amount was 37 percent more than in the year-earlier quarter and more than all but 63 American corporations earned for all of 1994.

But technology investors no doubt recall that Intel's robust growth only disappointed Wall Street. In falling short of analysts' estimates by about \$25 million — less than 3 percent — Intel encouraged traders to devalue its shares by nearly 15 percent over two days in mid-July. Since then, Intel's stock price has barely budged.

Microsoft suffered a similar fate, though not by missing profit targets; it exceeded them by several million dollars. Traders took an innocuous comment by Microsoft's chief financial officer about the rapid run-up in the company's stock price as an excuse to whack more than 15 percent from its market value. Today, the stock remains 20 percent below its peak in mid-July.

This time around, the fireworks began before Intel and Microsoft could provide any sparks.

Wall Street found something to dislike in the latest earnings reports of Motorola Inc. and Novell Inc. and sent technology stocks plunging more than 7 percent in two days last week, only to turn around and send the same stocks roaring back.

For the week, the Nasdaq composite index, laden with technology stocks, gained 6.34 points, or 0.6 percent, to close at 1,018.37. Such volatility is likely to become the rule, for this week and for the rest of the year.

Microsoft, which is scheduled to report earnings Tuesday after the close of trading, and Intel, due to report late Monday, are the two biggest components of the Nasdaq composite index.

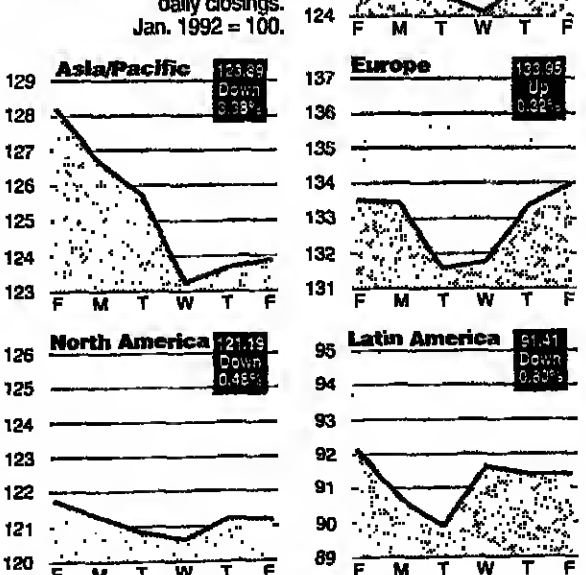
"The concern for most of these companies is not necessarily what the quarter looks like, because I think we've got most of the negative pre-announcements out of the way," said James Townsend, chief executive of Soundview Financial Group, a technology research company. What will be important, he said, is "the commentary about the outlook for the rest of the year."

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THE TRIB INDEX

International Herald Tribune
World Stock Index, composed
of 280 internationally investible
stocks from 25 countries,
compiled by Bloomberg
Business News.

Week ending October 13,
daily closings,
Jan. 1992 = 100.



CURRENCY RATES

Cross Rates	Oct. 13
Australian dollar	1.0000
British pound	1.6400
Canadian dollar	0.7000
French franc	6.5596
German mark	1.9364
Italian lira	2.0000
Japanese yen	100.00
Netherlands guilder	2.2037
New Zealand dollar	1.3500
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.7366
Taiwan dollar	35.96
Thai baht	50.00
West German mark	1.9364
Yen	100.00

Other Dollar Values	Oct. 13
Argentine peso	0.0000
Australian dollar	1.0000
British pound	1.6400
Canadian dollar	0.7000
French franc	6.5596
German mark	1.9364
Italian lira	2.0000
Japanese yen	100.00
Netherlands guilder	2.2037
New Zealand dollar	1.3500
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.7366
Taiwan dollar	35.96
Thai baht	50.00
West German mark	1.9364
Yen	100.00

Forward Rates	30-day	60-day	90-day	180-day	360-day
British pound	1.6400	1.6400	1.6400	1.6400	1.6400
Canadian dollar	0.7000	0.7000	0.7000	0.7000	0.7000
French franc	6.5596	6.5596	6.5596	6.5596	6.5596
German mark	1.9364	1.9364	1.9364	1.9364	1.9364
Italian lira	2.0000	2.0000	2.0000	2.0000	2.0000
Japanese yen	100.00	100.00	100.00	100.00	100.00
Netherlands guilder	2.2037	2.2037	2.2037	2.2037	2.2037
New Zealand dollar	1.3500	1.3500	1.3500	1.3500	1.3500
Portuguese escudo	200.48	200.48	200.48	200.48	200.48
Spanish peseta	166.64	166.64	166.64	166.64	166.64
Swiss franc	1.7366	1.7366	1.7366	1.7366	1.7366
Taiwan dollar	35.96	35.96	35.96	35.96	35.96
Thai baht	50.00	50.00	50.00	50.00	50.00
West German mark	1.9364	1.9364	1.9364	1.9364	1.9364
Yen	100.00	100.00	100.00	100.00	100.00

Investment Gives Britain New Life

By Richard W. Stevenson
New York Times Service

NEWCASTLE, England — Northeast England is littered with dead and dying industries of yore. There are the coal mines, now just holes in the ground, that fueled the Industrial Revolution.

There are the shipyards, now largely desolate, that helped Britain rule the waves. There are the steel mills, now almost silent, that once roared with the nation's economic might.

But alongside those industrial dinosaurs, a new economy is emerging. LG Group, the South Korean electronics company, has just opened a \$45 million television and microwave oven factory in the area. After looking at sites all over Europe, Siemens AG of Germany recently announced that it would build a \$1.4 billion semiconductor plant here, and Fujitsu Ltd. of Japan is doubling the size of its four-year-old chip plant. Nissan Motor Co. of Japan is expanding its nearby car factory.

In politics as in geography, Britain has long been on the fringes of Europe. But as northeast England's experience suggests, it is increasingly seen as ground zero by companies all over the world needing a manufacturing base for the European single market.

Britain draws more foreign direct investment in new factories, research centers and other business operations — and the jobs that go with them — than any other country in Europe.

The volume has clearly surged since former Prime Minister Margaret Thatcher took office in 1979 and began her free-market revolution.

The number of foreign projects more than doubled to 434 in the year ended June 30, 1995, from 183 in 1980, while the number of jobs those projects created, or kept from moving to other countries, rose to 88,000 from 14,000.

Japan alone announced 44 projects here last year, seven more than in the entire period of 1980-86, according to the Japanese Embassy in London.

The influx has by no means solved all of the Newcastle area's economic prob-

Samsung Plans European Growth

Bloomberg Business News

BILLINGHAM, England — Samsung Electronics Co. plans to expand across Europe, where it will make consumer electronic products, semiconductors and autos, Daniel O'Brien, head of the South Korean company's British business, said.

Samsung will manage its European businesses from a new £80 million (\$125.7 million) headquarters near Heathrow Airport, west of London.

"Europe is set to become one of the company's major areas for expansion," Mr. O'Brien, managing director of Samsung Electronics Manufacturing UK Ltd., said, "and the U.K. is destined to be at the forefront of this dash for growth."

Mr. O'Brien said the company's European operations began in 1979 and began her free-market revolution.

The number of foreign projects more than doubled to 434 in the year ended June 30, 1995, from 183 in 1980, while the number of jobs those projects created, or kept from moving to other countries, rose to 88,000 from 14,000.

Japan alone announced 44 projects here last year, seven more than in the entire period of 1980-86, according to the Japanese Embassy in London.

The influx has by no means solved all of the Newcastle area's economic prob-

lems, or Britain's. It is hardly unusual for jobs to migrate to regions where unemployment is high, especially if governments and workers bend over backward to lure and accommodate employers.

In an age of ruthless global competition, though, when corporate investment decisions can amount to a plebiscite on the economic future of the countries in which the companies do business, the investment flow to Britain has drawn the attention of other European nations.

For years, much of Europe decided Britain for creating a low-wage, low-security economy — one far closer to the American model of flexible work forces and intense pressure to drive down costs than to the European tradition of high pay, lavish benefits, strong unions, restrictive work rules, generous social welfare systems and high taxes.

But now, policymakers in other countries are looking more closely at the British experience as they grapple with high unemployment and eroding international competitiveness.

Bernd Fischeisrieder, chairman of Bayerische Motoren Werke AG of Germany, said Britain had a huge head start over the rest of Europe in making the wrenching policy changes needed to compete in the global economy. BMW bought the British carmaker Rover Group Ltd. last year.

"Britain is currently the most attractive country among all European locations for the production of cars," Mr. Fischeisrieder said at an industry conference in Cambridge, England, last week.

See INVEST, Page 16

Bank Syndicate To Absorb More Of Olivetti Issue

Reuters

ROME — Mediobanca SpA has put together the underwriting syndicate that will guarantee Olivetti SpA's planned rights issue, and the banks will take some of the financing burden away from the private companies of the computer maker's chairman.

Olivetti said late Saturday that eight banks would underwrite its 2.26 trillion lire (\$1.41 billion) issue and would guarantee 300 billion lire more of the capital increase than had been expected.

That additional investment will delay the need for Compagnie Industriale Riunita SpA and Cofide SpA to launch their own rights issues in order to raise funds to guarantee 250 billion lire of the Olivetti offering.

Both of those companies are controlled by Carlo De Benedetti, the chairman of Olivetti. CIR will only take 300 billion lire of the Olivetti rights issue, rather than the 400 billion lire originally planned.

A spokesman for the company said CIR and Cofide had decided to delay the cash calls they announced last month "in the light of market conditions."

No new date for launching the CIR and Cofide operations was given.

Olivetti is raising the money to pay for 5,000 jobs cut in the coming year and to reduce the computer maker's debt burden. Some of the funds also will be used to diversify into cellular telephone services.

Olivetti had a loss of 187 billion lire in the first half of 1995, extending a string of four consecutive full-year losses.

But it said last month that it aimed to achieve a pretax profit in 1996 of 5 percent of its turnover and to pay a dividend.

The banks now are planning to underwrite as much as 1.79 trillion lire of the Olivetti offering instead of 1.49 trillion lire as envisaged when the rights issue was announced in September.

The rest of the shares on offer are to be sold to stockholders who have pledged to take up their rights.

Mediobanca is to take 50 billion lire of shares, and it is the only member of the underwriting syndicate that is expected to buy shares in the rights issue.

The underwriters will absorb shares not purchased by existing stockholders.

The issue gives current shareholders the right to buy, for 1,000 lire apiece, three new shares of Olivetti for each two they now hold. Olivetti's stock closed at 1,330 lire in Milan on Friday.

Besides Mediobanca, the underwriting syndicate is made up of Banca Commerciale Italiana, Credito Italiano, Banca di Roma, San Paolo, IMI, Banca Nazionale del Lavoro and Banco di Napoli.

Investors are not expected to flock to the rights issue, which

follows a 900 billion lire cash call in 1993. The Italian stock market has been falling since late August, with the MIB index ending last week at 9,545, compared with a close of 10,688 at its peak Aug. 21.

Shares in Olivetti had fallen nearly 10 percent when the company announced the issue early last month.

Analysts at the time had predicted that a good part of the company would be owned by the banks as a result of the share issue.

Gemina Sets Clock Back On Merger

Bloomberg Business News

MILAN — The merger of the holding company Gemina SpA with Ferruzzi Finanziaria SpA and parts of Fiat SpA has been delayed by two months, Gemina said Saturday.

The company said the decision had been made at a meeting late Friday in Naples of its six-person board that removed some powers from two top executives and gave it to a committee of three nonexecutive board members.

"The board agreed on the opportunity to defer the operation, given the present situation," said Gemina, but the company said it remained convinced of the value of the merger plan.

Terms of the accord to create the so-called Super Gemina, which would be Italy's second-largest company, with sales of 35 trillion lire (\$23.7 billion), were to be announced this month, with the share swaps involved taking place in January.

Gemina said the terms of the share swaps would be based on the balance sheets of the companies on Aug. 31, instead of June 30 as originally planned. That will push the entire schedule back two months.

Since the proposed merger was announced Sept. 1, it has been buffeted by news of losses at Gemina that led to 10 executives being investigated for possibly falsifying balance sheets.

Investors have criticized the proposal, saying it shows scant regard for minority shareholders, has little industrial logic and is aimed mostly at increasing the power of Fiat's Agnelli family and the banking concern Mediobanca SpA.

(Bloomberg, Reuters)

Murdoch Accuses Coles Myer of Threats

Compiled by Our Staff From Dispatches

SYDNEY — News Corp.'s chief executive, Rupert Murdoch, accused Australia's largest retailer, Coles Myer Ltd., on Sunday of "thuggish" behavior, sparking a war of words between the two companies.

Murdoch said on Australian television that Coles Myer had tried to use its influence as an advertiser with his worldwide media company to affect reporting of news about the retailer's problems.

Coles Myer denied any improper conduct but confirmed it was unhappy with the way Mr. Murdoch's newspapers had reported on it.

"Implied threats have been made to our senior management that unless they censored our journalists from criticizing

we would lose the advertising, which is worth about 18 million Australian dollars a year," or \$13.6 million, Mr. Murdoch said.

Coles Myer, under investigation by Australia's corporate watchdog and under attack by major shareholders, also threatened to pull printing business from News Corp., that was worth 60 million to 70 million dollars a year, he said.

"I think the most improper, thuggish sort of behavior has been engaged in by the leadership — not just the chairman, but the leadership of Coles Myer," Mr. Murdoch said.

Coles Myer Chairman Solomon Lew was quoted by local media as saying that he had aired his concerns about unfair

reporting with Mr. Murdoch late last year.

Mr. Murdoch's allegation against Coles Myer's leadership is the latest in a barrage of criticism launched from within and outside the company. It began last month when details emerged of a previously secret transaction that cost Coles Myer 18 million dollars but benefited Mr. Lew.

Critics have asked that board members not be involved in outside companies providing goods and services to Coles Myer. Mr. Lew and at least one director, the trucking executive Lindsay Fox, both have interests in such companies.

Mr. Murdoch applauded Coles Myer shareholders for criticizing Mr. Lew and said: "It's time we all rose up and did

something to put this great company back on the right rails and have it run properly and fairly to all its customers."

A showdown is expected Nov. 21 when Mr. Lew and the board face shareholders at the company's annual meeting.

AMP Investments, Bankers Trust Australia and State Super Corp. of New South Wales announced last week that they would move to dump a number of directors at the meeting.

The descendants of the company's founders, the Myer family of Melbourne, on Friday came out in support of the institutional investors.

Mr. Murdoch also discussed News Corp.'s future, saying he hoped his children would not fight each other to succeed him. (Reuters, AFP)

U.S. Will Make TCI Bid for Satellite License

By Edmund L. Andrews
New York Times Service

WASHINGTON — The Federal Communications Commission is about to send John C. Malone's vision of a big new satellite television service crashing back to earth.

In a major setback for Tele-Communications Inc., the Denver-based cable television giant that Mr. Malone controls, federal regulators have decided not to give the company a valuable license that it thought it had secured more than a year ago to launch a direct-to-home television satellite service.

Instead, an official of the agency said Saturday, they plan to force Tele-Communications to bid for a license in an auction in January against the likes of MCI Communications Inc. and its partner, News Corp.

The decision, to be announced Monday, is likely to cost Tele-Communications hundreds of millions of dollars and could derail the company's \$1 billion plan to compete directly with an immensely popular new satellite service begun last year by the Hughes Communications Inc. unit of General Motors Corp.

It is also a big victory for MCI, which joined with News Corp. this year in a venture to distribute entertainment and

information worldwide. MCI had lobbied heavily for a chance to bid on what amounts to one of the last available parking spaces in the sky for a direct-broadcast satellite over the United States.

Tele-Communications, the biggest U.S. cable-television operator, thought it had locked up the license more than a year ago when it agreed to buy it for \$40 million from a start-up company that acquired it for free years earlier.

Tele-Communications executives say they have already spent about \$500 million to build a satellite and were planning to launch it next year.

See TCI, Page 16

Chrysler Sets Sights On Overseas Projects

Compiled by Our Staff From Dispatches

DETROIT — Chrysler Corp. executives, trying to deflect criticism aimed at them by the investor Kirk Kerkorian, are talking increasingly about plans to expand overseas — and the cash the plans will require.

In meetings next week with institutional shareholders, the automaker will emphasize that some of the \$7.5 billion cash stockpile it is building may be used to fund overseas production ventures that it expects to broaden its sales base.

Chrysler's chief financial officer, Gary Valade, said last week that \$1 billion to \$1.5 billion of Chrysler's cash-reserve goal represented money that could be used to fund overseas expansion projects.

"We have always said that we want to have that money to provide the flexibility to grow the company in the best way possible," Mr. Valade said, "and right now, some of the international joint ventures may be the best thing we could do for the shareholder."

Long shackled solely to the North American market, Chrysler has had little share in the profits that rivals General Motors Corp. and Ford Motor Co. earn in Europe. It also risks falling behind in the race to dominate Asia.

Chrysler lost out on a \$1 billion deal to build minivans in China to Mercedes-Benz AG this year but maintains it is ready to jump into a big foreign investment.

"We're continuing to look for opportunities, and if one comes forth that we believe is a good thing for our shareholders and gives an appropriate return, then we're prepared to do that," Robert J. Eaton, Chrysler's chairman, said.

He also said the automaker was studying development of a small car for Asian markets that would cost \$3,500 to \$6,000.

Such overseas expansion projects will be funded in part by Chrysler's cash reserve, which has become a flashpoint in the automaker's war of words with Mr. Kerkorian, the company's largest shareholder.

Mr. Kerkorian's Tracinda Corp. has called Chrysler's \$7.5 billion cash goal too high and says \$5 billion would be a more appropriate level.

Until recently, the company has mostly referred to the reserve as the cash it needs to fund operations during the next recession, but it is now emphasizing its alternate use as an investment fund.

Tracinda has also said it wants Chrysler to have larger overseas operations, but it is worried that Chrysler will sell an equity stake to a foreign automaker that will dilute Mr. Kerkorian's investment.

Separately, Japanese news reports said Saturday that Mitsubishi Motors Corp. was thinking of dissolving its business ties with Chrysler Corp. by 1999 because the strong yen had eroded profitability.

(Bloomberg, Reuters)

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SHORT COVER

Hollinger Sets Up International Unit

TORONTO (Bloomberg) — Hollinger Inc., the Canadian publishing company controlled by Conrad Black, said Saturday it had consolidated its international newspaper operations into one unit, Hollinger International Inc.

The move brings together the publisher of the Jerusalem Post as well as of the Chicago Sun-Times and 340 other U.S. publications with the assets of Britain's Daily Telegraph, Australia's Sydney Morning Herald and The Age of Melbourne, plus more than 60 Canadian newspapers. Hollinger International's shares will be traded on the Nasdaq market in the United States.

China Plans Major Auto Expansion

BEIJING (Reuters) — China's auto parts industry plans to manufacture domestically 60 percent of all components for cars and 80 percent of parts for light trucks by the end of 1997, Xinhua news agency said.

It said that China's auto parts producers would accelerate development in the next two years and the country would focus on building 15 key vehicle projects, including four sedan car projects each with an average annual production capacity of 150,000 units.

The report said the medium-term target for China's auto parts industry was that by 2000, five to 10 internationally competitive enterprise groups would be established.

The automotive industry is expected to become one of China's pillar industries by 2010, with annual production capacity reaching 6 million vehicles, of which 4 million would be cars.

Ford Says China Plants Will Thrive

BEIJING (Bloomberg) — Ford Motor Co.'s four component plants in China will be viable even if the company fails to win its bid to build its Taurus model cars in that country, said Vaughn Koshkarian, the company's new president of China operations.

"These component factories are supplying for example, Volkswagen-type vehicles manufactured by Shanghai Automotive and they're supplying other automotive factories," said Mr. Koshkarian.

Mr. Koshkarian said Ford's investment in China now totals about \$250 million, including the company's purchase of 20 percent of Jiangling Motors Co., the maker of light commercial vehicles, for \$40 million in August.

Ford is one of a dozen foreign automakers looking to establish a manufacturing foothold in what analysts expect to become the world's third auto market after the U.S. and Japan by 2010.

Softbank Resumes Ziff-Davis Talks

TOKYO (AFP) — Softbank Corp. has resumed negotiations to acquire the publishing division of Ziff-Davis Communications Co. of the United States for 150 billion yen (\$1.49 billion), the daily Nihon Keizai Shimbun said Sunday.

The latest talks came after Japan's largest computer software distributor failed to purchase the largest publisher of U.S. computer magazines in October 1994. The two sides are discussing details, including a final purchase price, it said.

Protesters in India Target PepsiCo

BANGALORE, India — A leader of a major farmers' organization warned that thousands of activists would protest signboards of PepsiCo Inc. and disrupt an outlet of its affiliate, Kentucky Fried Chicken, in southern India Nov. 1 as part of a protest against multinational corporations.

"We will have a big rally in which a million people will come," said M.D. Nanjundaswamy, who leads a farmers' movement in the state of Karnataka.

The Karnataka State Peasants' Organization ransacked the Bangalore office of Cargill Inc. two years ago, launching a series of protests against economic reforms begun four years ago.

China to Keep Many Tax Exemptions

BEIJING (Bloomberg) — Foreign companies operating in China are likely to face new import taxes beginning Jan. 1, although the increases may not be as high as many businessmen in China had feared.

The official China Market Economic News said Sunday that the State Council, China's cabinet, recently decided to remove tax exemptions on imports of motor vehicles, rolled steel, timber, building materials, pesticides and fertilizers.

But the report said import tax exemptions would remain for many industries, particularly if the goods were considered in short supply in China or would aid the technological upgrading of the country's industry.

Israeli Prices Rose 1% in September

JERUSALEM (Bloomberg) — Israel's consumer price index rose 1 percent last month led by increases in housing, education and entertainment, and food, the government announced Sunday.

Forecasts had called for an increase of 1 to 1.2 percent. September's rise follows a higher-than-expected 1.2 percent increase in August from July.

Consumer prices have advanced 5 percent through the first nine months, a rate considered modest in Israel. The central bank has set a target inflation rate of 8 to 11 percent for 1995, following the 1994 inflation rate of 14.5 percent.

Survey Calls Corporate Purse Strings Loose

By Erik Ipsen
International Herald Tribune

LONDON — Despite recurring scandals and periodic efforts to clean up the underlying causes, too many corporate treasuries chart their own courses, unfettered by sufficient oversight from executives and boards, a survey to be released Monday has found.

Price Waterhouse & Co.'s "Treasury Control and Performance Standards" at large companies around the globe was conducted with several national treasury associations, and it paints a disturbing picture. In looking at everything from how treasury policies are set to how carefully they monitor and report their risks and what technology they use to do it, the survey of 386 companies found plenty cause for concern.

The survey did not include companies in North America, where a separate survey is under way.

"When you put the whole picture together you can see there is considerable opportunity for things to go wrong," said David Knight, a Price Waterhouse partner.

Even presumed remedies to earlier breakdowns in controls — gauges that

have cost companies hundreds of millions of dollars — were found wanting in actual practice. A classic case in point is the role of audit committees.

In spite of the vogue for such bodies as a presumed boardroom bulwark against errors and misdeeds in corporate treasuries, the survey found that fewer than two of five audit committees regularly monitored their treasuries to make sure they are complying with company policies on such things as the risks they are running on their positions in the financial markets.

In his introduction to the survey, Glaxo Wellcome PLC's treasurer, Richard Edge, called that lack of oversight "alarming given the regular incidence of well-publicized treasury-related disasters."

The central point stressed by the survey is that policies and structures are useless unless they are monitored to ensure that they are actually being used.

"In too many firms it seems that there is a lack of formality by executive management in monitoring policies and controls and a surprisingly large minority of boards of directors who do not approve treasury policy in the first place," Jeremy Wagener, the director general of the British Associ-

ation of Corporate Treasurers, said in the survey.

That relatively free rein given to treasurers occurs in spite of a now widespread expectation among their bosses that a corporation's risks should be managed actively.

About 66 percent of the companies said they expected their treasuries to make a profit on their financial transactions and were willing to take on some risk to allow for that possibility.

About 2 percent of the companies said the search for profit allowed them to authorize their treasuries to speculate openly in the markets by taking positions wholly "unrelated to any underlying business exposure."

In contrast, only 28 percent of companies said they expected their treasuries to seek to eliminate risk entirely by fully hedging their financial positions.

But even conservative corporate chiefs got a bit of a shock in the survey. The survey also showed that in "most cases" what was considered to be a complete hedge against risk was only partial. This "suggests a lack of clarity in defining policy," the survey said. It also leaves those companies open to potential losses where they had explicitly sought to avoid them.

The appetite for risk was found to vary greatly by country. French and Norwegian companies showed the greatest reluctance to expose themselves to the financial markets. In both countries, half of the companies said they fully hedged their positions. Meanwhile, Swedish, Finnish and Hong Kong companies exhibited the greatest willingness to embrace risk. There, 80 percent of them said they took an "active" approach to managing treasury risk.

Most companies also said they now routinely used derivatives to help manage the interest rate risks on their borrowings. But those appetites centered heavily on relatively straightforward derivatives such as options and futures as opposed to more complex and highly leveraged products.

While more than three-quarters of the surveyed companies insisted that they maintained formal policies to keep track of who was responsible for managing certain risks, about 40 percent said they went so far as to put strict numerical limits on the size of those positions. The survey's authors called that a "major concern."

"Policy statement without supporting control parameters are generally ineffective," they said.

Santer Stays Hopeful on 1999 Goal

Reuters

LONDON — European

Commission President Jacques Santer said Sunday that most European Union countries could still join a new single currency by 1999 in spite of problems signaled last week by strikes in France and turmoil on the foreign exchange markets.

Mr. Santer was questioned on British television about strikes that took place in France last week over spending curbs designed to ensure that the country met the economic criteria for joining a single currency.

Asked to comment on the possibility that France might change its policy under such pressure, leaving Germany and a few other states as the only ones qualified to join a single currency by the target date of Jan. 1, 1999, Mr. Santer said: "That would not be economic and monetary union."

"As I conceive it, he added, "many countries" would join. "I think it would be a majority of the 15 who can join the monetary union in '99."

He said member states were moving toward meeting the strict criteria for budget deficits and inflation set out in the Maastricht treaty.

"At this moment all the figures are showing that we can reach this target," he said.

He said he believed Britain, which has won the right to opt out of any single currency, would eventually join if pressed by its powerful banking and financial-market interests.

Britain will take part, as Mr. Santer put it, if "the City of London had some interest to join the single currency."

Compiled by Our Staff From Dispatches

PITTSBURGH — Westinghouse Electric Corp. said it had reached a settlement with the Philippine government that would end litigation over an idled nuclear power plant and lift Manila's ban on Westinghouse products.

Terms were not disclosed, but Westinghouse said Friday it would take a \$45 million charge for the settlement in its third-quarter results.

Manila agreed to drop a lawsuit it brought in 1988 that accused Westinghouse and Burns & Roe Enterprises of having bribed former President Ferdinand E. Marcos in the 1970s to win the contract to build the \$2.2 billion plant.

It also agreed to rescind its two-year-old ban on Westinghouse products.

The settlement calls for less than the \$200 million payment the government proposed last month, a Westinghouse official said.

Although Westinghouse finished building the Bataan Power Plant in 1985, the facility has never been operated, because of the government's safety concerns and the lawsuit.

Although the dormant 620-megawatt nuclear plant has not yet produced any electricity, Westinghouse insists it is safe.

Consultants hired by the Philippine government, however, say it is not. The government plans to convert the facility into

a power plant running on a traditional energy source.

"The settlement puts this dispute completely behind us, removes impediments to doing business in the Philippines and reopens a very important market to Westinghouse," said Louis Briskman, the company's general counsel.

Westinghouse, whose profit has been lower than expected this year, said it hoped to sell electrical power-generation equipment, air-traffic-control systems and transport refrigeration systems in the Philippines.

The Philippine government filed an appeal after Westinghouse and Burns & Roe were exonerated in 1993 when a federal court jury in New Jersey

found no evidence of bribery in their verdict on the lawsuit.

The settlement also ends arbitration in the International Chamber of Commerce that Westinghouse had initiated against the Philippine government.

Westinghouse stock ended unchanged at \$14.75 Friday.

The Philippines also announced it would dismiss a case pending in Switzerland alleging faulty construction of the plant.

Because of the settlement, the case that is pending in the U.S. appellate court as well as arbitration proceedings in Switzerland will both be dismissed, the government said.

(Bloomberg, Reuters)

The Week Ahead:

World Economic Calendar, October 16-21

A schedule of the week's economic and financial events, compiled by the International Herald Tribune for Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Monday Oct. 16	Taipei Central Bank of China report on foreign exchange reserves as of the end of August. Hong Kong Second-quarter industrial production data.	Brussels Competition Commission meets with European Union trade chief executives of Deutsche Telekom and France Telecom to discuss their planned Atlas telecommunications venture.	New York Lawrence Summers, U.S. Treasury undersecretary, and Paul A. Volcker, former Federal Reserve Board chairman, address Japan Society conference. Earnings expected ADM, ADF, Bowater, Chase Manhattan, CPC, Intel, Sun Microsystems.
Tuesday Oct. 17	Osaka Japan Electronics Show '95, sponsored by the Electronic Industries Association of Japan. More than 200 companies are expected to participate. Through Saturday.	Rome August industrial production. Paris BNP press briefing on economic outlook.	Washington Industrial production and capacity utilization for September. Forecast: Industrial production up 0.1 percent; capacity utilization at 84.2 percent. Earnings expected: Chemical Bank, Citicorp, Compaq, GM, IBM, Mellon Bank, Marck, Pepsi, Philip Morris, Upjohn.
Wednesday Oct. 18	Tokyo September balance of trade. Manila Southeast Asia Cement Holdings holds a stockholders' meeting to report on its acquisition of Loyds Richfield Industrial Corp.	London September retail sales. Sales fell 0.8 percent in August, while rising 0.4 percent on the year.	Washington Merchandise trade deficit for August at 8:30 a.m. Forecast: Deficit of \$10.4 billion. Earnings expected: Apple, BankAmerica, Bristol-Myers, Ford, Johnson & Johnson, Mead.
Thursday Oct. 19	Sydney September merchandise imports.	Paris Groupe des Assurances Nationales releases first-half results. Rome IRI board meeting expected to announce management changes at Alitalia.	Earnings expected AHP, Maytag, Northwest Air, Schering-Plough, Warner-Lambert.
Friday Oct. 20	Tokyo Household spending survey for August. In July, spending fell 1.1 percent from the year before.	Paris Lagardere Groupe first-half results. Paris September consumer price index. Forecast: expected to rise 0.4 percent in the month, 2.1 percent for the year.	Ottawa September consumer price index report. Earnings expected Coors.

INVEST: British Economy Lures Foreign Companies

Continued from Page 15

"This results from the structural reforms initiated by Margaret Thatcher in the early 1980s, the most significant factor of course being the rearrangement of industrial relations between companies and trade unions."

In Britain, some of the most economically deprived regions are grudgingly reassessing their longstanding antipathy to the policies pursued by the Conservative government over the last 16 years, first under Mrs. Thatcher and now under her successor, John Major.

Those policies include weakening the powers of unions, resisting calls for a minimum

wage, refusing to adopt European Union regulations protecting workers' rights and generally letting free-market forces, rather than government intervention, shape the economy.

Around Newcastle, those policies were seen by most people as causing considerable pain as the region's old economy died out over the past two decades, pushing unemployment rates to more than 20 percent at their peak at the end of the 1980s and creating considerable social tension and political disaffection.

Now foreign investment is holding out the promise of an economic rebirth, albeit on a short-term basis of life-time work and relatively high wages that workers once thought they could count on.

While Newcastle still has some of the country's worst poverty, and the crime and other social problems that go with it, its unemployment rate has moved steadily down into the mid-teens.

Ross Forbes, communications manager for the North Tyneside Council, one of the local governments in the area, said that "five years ago I would have been a cynic" about the ability of foreign investment to transform an area. Now, he said, he was a believer.

Thatcherism, of course, was aimed more at reinvigorating domestic industry than at attracting foreign companies.

While there is a consensus that British industry is more vibrant and competitive now than 15 years ago, particularly in industries that were privatized under the Conservatives, Britain is by no means a world-beater economically.

But while Germany is seeing corporate trend-setters such as Daimler-Benz AG and Volkswagen AG move production to lower-cost sites, and while France has retained its traditional indifference to foreign investors, along with its high unemployment rates, Britain is at least reaping the benefits that come with new employers and the jobs and technologies they bring.

American companies have a long tradition of investing in Britain, which over the past several decades has been the site of more direct U.S. investment than any other country.

In 1993, the most recent year for which figures were available, Britain accounted for 17.4 percent of America's direct investment worldwide and 35 percent of its direct investment in Europe.

It also does not hurt that English is almost always the first or second language of international companies. At the moment, moreover, Britain has a relatively weak currency, making goods exported from here more competitive in other European markets.

TCI: Company Must Enter Bidding

Continued from Page 15

ning to launch it in June 1996. As envisioned, the satellite would beam more than 100 television channels to homes equipped with a satellite antenna about the size of a dinner plate.

Hughes, which also got its license for free in the early 1980s, has already signed up more than a million customers for its service, called DirecTV.

But a growing chorus of rival companies and members of Congress have been arguing that the Tele-Communications deal would be a giveaway potentially worth hundreds of millions of dollars, and they have been putting pressure on the FCC to hold an auction instead.

MCI, the second-largest U.S. long-distance telephone company, argued that the satellite rights could be worth \$700 million and told U.S. officials last week that it would offer an opening bid of \$175 million if given the opportunity.

MCI teamed up this year with News Corp., which owns the Fox television network and the Twentieth Century-Fox film studio, in a joint venture aimed at distributing entertainment and information worldwide.

Agency officials said the FCC had been divided on what to do, because many people in the agency did not want to delay introducing a competing di-

rect-broadcast satellite service or disrupt Tele-Communications' investment with a last-minute change in the rules.

But others, some of them feeling pressure from Congress and MCI, argued that the license ought to be awarded through an open auction that would benefit taxpayers.

Hoping to meet both goals, three of the agency's five commissioners lined up behind a plan to rush forward with a one-day auction Jan. 18, a date they see as early enough for Tele-Communications to meet its June launching schedule if it wins the auction.

"My strong view is that auctions are fast, fair and efficient," said Reed E. Hundt, chairman of the FCC. "As I look at this situation right now, it cries out for a market-based result instead of sitting at the FCC as judge in a beauty contest."

MCI executives refused to comment, saying they would wait until the decision was announced.

But as word of the decision leaked out Friday, Tele-Communications threatened to take the agency to court.

"TCI is disappointed by the commission's decision," the company said. "All parties will no doubt have ample opportunity to review in court the bizarre events leading up to today's decision."

China Dam To Need \$30 Billion Investment

Compiled by Our Staff From Dispatches

BEIJING — Total investment needed for China's Three Gorges Dam project on the Yangtze River has risen to nearly \$30 billion, and fund raising is proceeding smoothly, officials have said.

Earlier estimates said the construction cost on the world's biggest water-control project would be around 146.8 billion (\$17.7 billion) yuan between 1993 and 2005, when the hydroelectric dam is expected to begin generating revenue.

The amount needed is now estimated at 250 billion yuan after taking into account factors such as inflation, interest and principal repayment, the Xinhua news agency said, reporting on a study by the Ministry of Finance.

The ministry recently conducted a check-up on China's Three Gorges Project Development Corp. and concluded the raising of funds was going smoothly and management of money already collected was good, Xinhua said Saturday.

The State Council, or cabinet, also has approved ways to raise funds both at home and abroad, Xinhua said.

But American companies seeking to be part of the project might not be able to count on U.S. help to win contracts.

Now that the U.S. government has come out against helping to build the dam, on environmental and other grounds, the country's chief export credit agency is not likely to help American companies win work on the dam, officials said.

The U.S. government made its opposition known in a Sept. 22 memo to the Export-Import Bank, an independent agency that promotes exports by giving American companies financial assistance to help them win foreign contracts.

The government opposes the project because of environmental and human rights concerns, worries that protracted litigation over the project would use up Export-Import Bank resources and doubts about the dam's financial viability.

While the bank is just beginning to consider financial aid in connection with the project, a U.S. official said Friday that the bank's own concerns about tying up its funds could be enough to make the bank decide not to get involved.

The World Bank has denied funding for the dam.

The White House's position on the dam makes this one of the few occasions on which the government has abandoned its traditional policy of supporting American corporations seeking business overseas.

Washington's opposition also complicates America's political relations with China, which have been badly strained in recent months by disputes over human rights and relations with Taiwan. President Bill Clinton is scheduled to meet this month in New York with Jiang Zemin, the Chinese president.

The U.S. decision is likely to anger some major American companies, including Caterpillar Inc., that want to bid on the lucrative contracts related to the dam project.

The Export-Import Bank is being forced to consider the issue because Caterpillar has asked the agency whether it would support Caterpillar's plan to bid for a contract connected with the project.

(Reuters, NYT)

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THE WORLD'S DAILY NEWSPAPER

Kmart Denies Rumors Amid Stock-Price Drop

Compiled by Our Staff From Dispatches

TROY, Michigan — Kmart Corp., commenting on heavy trading volume in its stock last week, said speculation about its financial condition was unwarranted and that it had enough liquidity to meet its obligations.

The discount retailer made the comments in response to rumors that some factoring firms, which guarantee retailers' payments for merchandise to vendors, had withdrawn support for Kmart.

Jim Rice, a creditor with Bernard Sands Credit Consultants, said factors had "absolutely not" stopped financing Kmart merchandise.

The company's stock fell 75 cents, or 6 percent, to end at \$11.375 Friday on volume of more than 10 million shares after touching a five-year low of \$10.75 in intraday trading.

Analysts said an aggressive expansion plan outlined by the rival retailer Wal-Mart Stores Inc. added to pressure on Kmart shares. (Reuters, Bloomberg)

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French Business & Technology

Admiration Turns Into Criticism for Technocrats

By Joseph Fitchett

PARIS — France has found a new scapegoat for its economic self-doubts: a power elite whose monopoly on top jobs in government and industry is blamed for stifling fresh ideas and dynamic entrepreneurship.

Conspiratorial as it sounds, the attitude is strong enough for President Jacques Chirac and Prime Minister Alain Juppé both to have stayed away from the 50th anniversary commemoration this month of the Ecole Nationale d'Administration, the prestigious post-graduate school that is a cradle of the French state's managerial elite.

In delivering this calculated snub to their old school and its influential old-boy network, ENA's two most prominent graduates fueled a mood they helped create during the campaign, tapping into the chronic French reflex of turning on elites in tough times. ENA, sublimely disdaining the temper of the times, staged its celebrations in the Versailles palace, symbol of the hubris that provoked revolts against previous elites.

Like any good conspiracy theory, this one has some credibility: an elite, created to run the nation's superb civil service, has grown in size and spread in influence to become a network stretching far beyond the permanent civil service to private-sector banks and industry and even the main political parties.

From there, it is only a small step to believing that the elite is turning into a caste, prone to cronyism and more concerned with protecting its privileges than setting an example.

The tightening grip of a small group of like-minded bureaucrats contradicts the cry to shrink the large, powerful French state. Even privatization seems skewed when veterans of the state apparatus run the



Prime Minister Alain Juppé, left, and President Jacques Chirac, right, face a series of economic challenges.

newly independent companies.

It also continues a tradition of top-down management that often discourages employees — and voters — who need to be mobilized for France to meet the challenge of often painful modernizing change.

Jean Peyrelevade, the banker brought in to clean up Crédit Lyonnais — the state-owned bank whose debacle was a glaring example of the lack of accountability within the French elite — has publicly lashed out at the system that gave him a meteoric career.

Now, he finds, it has created a "monarchic style" at the top levels of French business and a "glass ceiling" that generates resentment in major companies by blocking employees from the top jobs reserved for ENA graduates.

Similar arguments have been voiced for more than a decade by authoritative re-

searchers, most persuasively by the sociologist Michel Crozier. But only when Mr. Chirac made a campaign target of the "technocrats" did it enter popular demography.

Unsurprisingly, Mr. Chirac has not pursued his campaign against the school — Gaullist in inspiration — that has produced strategists who have won the often-grudging respect of their counterparts in other capitals. His government has an all-time high of Enarchs (short-hand for ENA old boys).

Besides the chief of state and head of government, eight cabinet ministers — and 40 members of parliament — are Enarchs. Nearly 40 percent of the key ministerial aides are Enarchs, another highwater mark.

The private sector so far counts only 15 percent of ENA's graduates, who still

number just 5,000 after 50 years. But nearly half the 750 Enarchs in business are CEOs. The former finance and economics minister, Alain Madelin, complained this summer that France suffers from "too many graduates of the same schools running French companies." He lost his job, but not over his comment on (his fellow) Enarchs.

Concern that these elites are cut off from the changing temper of the times has revived debate about their future. Mr. Crozier, after years of wrestling with the problem in practice, concludes in a recent book, "A Crisis of Intelligence: Elites' Inability to Reform Themselves," that the system has become so intellectually airtight that radical change is needed.

But the risk of throwing out the baby

A Mood of Pessimism In Business Circles

By Alan Friedman

PARIS — In theory, this should be a time of growth and consolidation for the French economy and for business in France.

The economy is expanding at a respectable rate of between 2.5 and 3 percent this year, inflation is extremely low at 2 percent, and the country's trade surplus has remained at buoyant levels for much of 1995.

The government led by Prime Minister Alain Juppé and installed last spring by newly elected President Jacques Chirac has meanwhile promised to cut public sector spending and thereby reduce budget deficits drastically in order to meet the conditions for France to take part in European monetary union in 1999.

Unfortunately, the mood in financial markets and in the French business community is anything but optimistic. Indeed so many political and economic problems have piled up in Paris lately that the franc has weakened considerably in recent weeks against the Deutsche mark. Just a week ago, the Bank of France was forced to defend the currency with emergency measures that included hiking the 24-hour interest rate by 1.1 percentage points.

The list of reasons given by most investors for the malaise begins with the fact that Mr. Chirac promised during his election campaign last spring to slash both the budget deficit and the near record rate of unemployment, which is around 11.5 percent, and would be even higher had the statistical method of calculating the number not been changed last June.

Nearly all economists argue that Mr. Chirac's twin aims are contradictory, and financial markets doubt whether the government can achieve both.

The government's commitment to tough-minded reforms was first questioned on Aug. 25, when Mr. Juppé ousted Alain Madelin, the outspoken finance minister who advocated a more free-market approach than most French politicians and who had called for the rolling back of the country's generous welfare state.

France has also suffered greatly as a result of the remarks made last month by

many Germans, including Bundesbank officials and Finance Minister Theo Waigel, who seemed to cast doubt on whether France would be able to reduce its public spending fast enough to join the single currency in 1999.

The mood among investors has been further depressed by the fact that both Mr. Chirac and Mr. Juppé are suffering from plummeting popularity. Mr. Juppé is on the defensive following an uproar over the fact that he and members of his family have been paying reduced rents at city-owned apartments and since he ordered the reduction of the rent paid by his son for a city-owned apartment while Mr. Juppé was himself a city official. Although a Paris prosecutor decided last week not to investigate Mr. Juppé for alleged abuse of office, he did order the prime minister to move out of his city-owned apartment. Speculation about Mr. Juppé's tenure has thus diminished, but continues.

Complicating Mr. Juppé's task is the fact that the government is facing a shortfall in tax revenues of 30 to 40 billion francs (\$6 to \$8 billion) this year. Its 1995 deficit could therefore be significantly higher than the 322 billion franc level contained in official forecasts. Likewise there is skepticism in financial markets that France will get its budget deficit down to its projected 290 billion francs in 1996.

And if Mr. Juppé is to slash deficits and meet the criteria for monetary union laid out in the Maastricht treaty on European integration, he will also have to come to terms with France's five million public sector workers. These workers, who object to Mr. Juppé's plans for a pay freeze, showed their clout by paralyzing the country on Oct. 10 with a general strike. They also threatened more such actions.

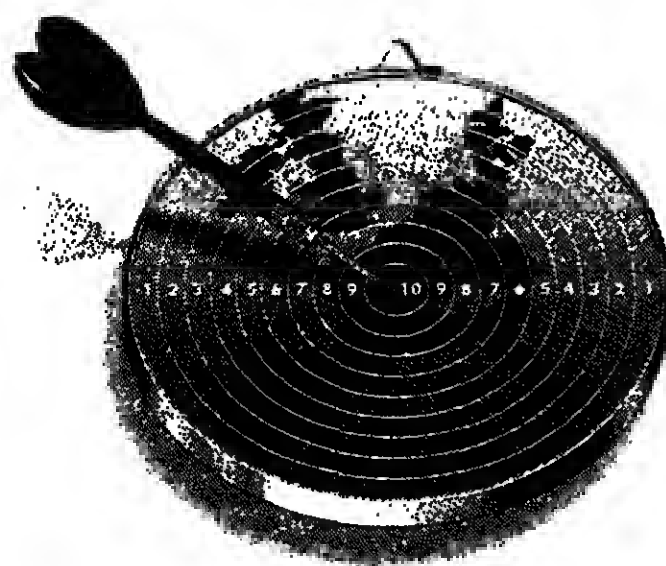
In addition, the latest figures from INSEE, the official statistical institute, show the French economy weakening, while consumer confidence has fallen dramatically because most people are braced for new tax burdens or less willing to spend now that the government has raised sales tax two points to 20.6 percent.

Because the government and the Bank of France remain committed to a policy of

Continued on Page 20

Continued on Page 20

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FRENCH BUSINESS & TECHNOLOGY / A SPECIAL REPORT

TV Advertising Alters Its Image

By Joseph Fitchett

PARIS — The first time it happened, almost nobody noticed because only a few million viewers watch the Tour d'Espagne, the Spanish bike race. And only now has the company talked about it for the first time.

The results were conclusive. Watching the live broadcast of the finish, viewers everywhere saw the riders pump the final yards as the TV cameras zoomed into close-ups on the strained features of the riders.

It looked like routine sports coverage. It was, except for one detail: Viewers in Spain saw the winner speed past a sponsor's banner advertising the Spanish beer, Agulla, while screens everywhere else in Europe showed the same rider pass the same banner advertising Amstel. Both brands belong to the Dutch beverage giant Heineken, which was delighted for Agulla, the local beer that sponsored the race, to appear for Spanish consumers while in other countries the prime exposure went to Amstel.

This success of this experiment has changed forever what viewers are likely to see when they watch live broadcasts of international sports events. The French Open tennis tournament, a World Cup final, a Formula One race — where athletes compete in an arena snugged with advertisements — the event will be real, but some of the decor is likely to be virtual reality.

From now on, sponsors and advertisers can differentiate the on-site billboards in a live broadcast so that they target specific markets around the world — beer ads for Germans (who like beer with their sports), billboards at Wimbledon in Japanese for Japan, with American brands for the United States.

The ability of this French technology to modify images in real time — in live broadcasts, which have become part of our sense of visual reality — has revolutionary potential. It will

raise ethical and regulatory problems, but it is also set to corner a \$100 million-a-year European market.

And it provides an object lesson in the conversion of military technologies to civilian applications with commercial potential.

"Nothing is as simple as it seems anymore," says Philippe Isambert, a fast-talking scientist who can spare only a nanosecond grin to acknowledge a visitor's problems sorting out the implications. Mr. Isambert manages the research team that spent five years developing this technology — baptizing Epsis — in labs just outside Paris for Matra Defense & Space, part of the Lagardère Groupe, a privately owned French conglomerate.

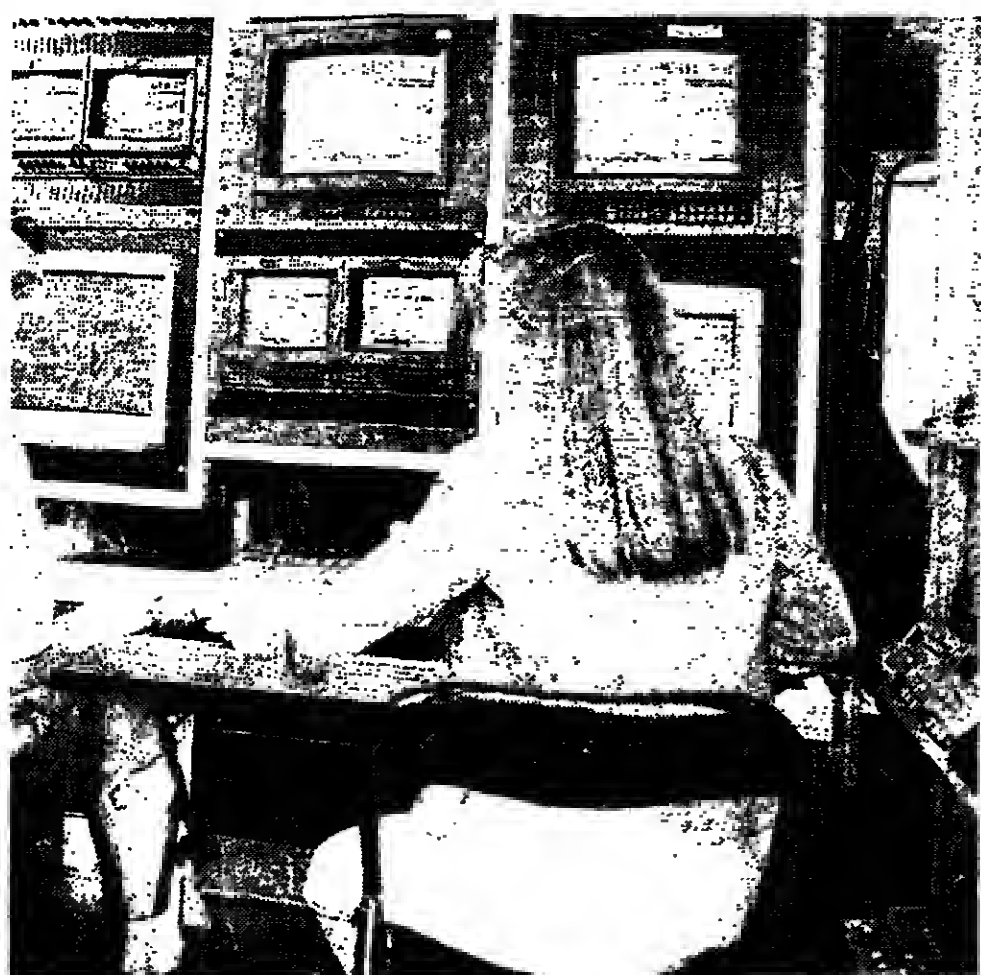
For Epsis, a commercial product, Matra harnessed two of its most powerful military technologies: the guidance systems enabling smart missiles to seek out targets they have been programmed to destroy and the massive computing power used in France's nuclear submarines.

The \$1 million machine is owned and operated by Symah Vision, a Lagardère Groupe subsidiary, which sells the service to the sponsors of sports events to enhance the advertising value of the broadcast rights they sell.

Epsis fits into a panel truck so that it can drive right up to the stadium and plug into the broadcast system — taking the pictures as they emerge from the director's mix, changing them (at a rate up to 50 images a second) and sending each new version to a different satellite for broadcast.

Ahead of time, explains Pierre Plevien, Symah Vision's director-general, the truck records the camera angles that will be used to cover the event, then stores these images in the Epsis computer with reference points enabling the system to "see" when a billboard is about to come on screen.

Like a missile seeking a target to match the image in its memory, Epsis detects the billboard, locks on and tracks it as the cameras swing and the



Technology can alter what viewers in different places see on the same TV program.

screen image sways. Like a missile, Epsis gets help in predicting movement thanks to an algorithm that is still classified.

"What makes Epsis more sophisticated than a missile in terms of computer vision is its ability to keep remodeling the billboard incredibly fast so that it always looks natural in the three-dimensional landscape," Mr. Plevien explains.

This enables Epsis to replace the billboard, in the digitalized TV picture, with its own image chosen from the library of brandnames or slogans in its memory. An art director, skilled in computer-assisted graphics, has to bring the right touch to the job in order to make the billboard perfectly realistic.

In the last few weeks, the Epsis team has extended the machine's capabilities so that it can keep this virtual billboard in place even when racers or tennis players pass in front of the real one.

The possibilities, of course, include some interesting per-

spectives: If environmentalists complain that billboards pollute sports, the actual signs can be removed since what advertisers want is the television advertising.

There are also some grimmer possibilities: Couldn't the technology be used to broadcast a doctored image of a scoreboard? Theoretically, yes, the Symah Vision team acknowledges.

But they have given a public undertaking to disclose any changes they make with Epsis and they do not plan to sell the machines, even though they are protected with patents. Instead, Symah Vision will sell the service, to be paid as a percentage of the extra revenues generated by its ability to multiply and target the broadcast ads.

The bottom line about the project's significance comes from Claude Gomy, the executive vice-president of Matra Space & Defense. He runs a task force under owner Jean-Luc Lagardère that aims to find synergies between defense technology and the commercial markets served by Hachene, the

group's publishing company, especially its cutting-edge multimedia department, which is headed by Arnaud Lagardère, son of the founder.

"We're fortunate because we have the matrix for bringing together the scientists who know what the technology can do and the marketers who know what the consumers need," Mr. Gomy said. He sees the Matra Hachette Multimedia division leading other commercial applications derived from defense electronics.

The real breakthroughs, Mr. Gomy added, are achieved not by simply repooling weapons into toys but by combining basic technologies, such as the computing architecture and the space observation systems elegantly reused in Epsis.

But the spinoffs may not stop there. The Matra technologies have matured in the last decade by criss-crossing between civilian and military projects. "The next phase may see the Epsis technology spin into a satellite or some other defense program," Mr. Gomy said.

French Car Firms Shift Gear

By Richard E. Smith

PARIS — The French auto industry, helped along by a well-placed boost last year by the French government, is getting another strategic shove from the state this year, perhaps just enough to push it toward the head of the pack in a competitive European market.

Free-marketers in and outside France are wincing — yet again — but state interference looks likely to pay off yet again, at least in the short term.

Not that the European auto market has been too exciting lately with the continent's long-anticipated recovery having trouble getting off the ground. Monetary confusion, lagging exports and job insecurity in most countries have kept the public wary about major investments like cars. Double-digit unemployment and rise in value-added taxes have clouded the picture further in France.

But European carmakers hope for momentum to gather in coming months, and the newly installed government in Paris clearly wants to ensure that its major producers, Renault and PSA Peugeot Citroën, flow with the traffic if the market does speed up. As a result, the government has not only renewed but expanded a rebate subsidy program for car purchases.

When the program expired at the end of June, French automakers were quick to sound dark warnings. Jacques Calvet, chairman of Peugeot, said his company had suffered "an extraordinary fall in orders" after the program was cut off and he feared a severe contraction for the rest of the year. Other executives joined the chorus and the powerful lobby found a receptive audience as the new government of President Jacques Chirac and Prime Minister Alain Juppé found itself struggling with weak popularity polls nearly as soon as it assumed office in May.

Few were surprised when the renewal of the rebate program was announced. The centerpiece of the first program, which lasted from February to June, 1994, had been a payment of 5,000 francs (\$1,006) to owners of vehicles more than 10 years old who

traded them in for new ones. The new program, which took effect on Oct. 1 and will last for one year, offers a similar payment of 5,000 francs for purchasers of small vehicles but a higher one of 7,000 francs for those who purchase larger vehicles.

"The fact that the incentive programs are being continued shows how nervous the government is about the auto industry," said Edouard Cardin, an analyst at Morgan Grenfell in Paris. "It is a large employer and the government cannot ignore it."

But a high price is being paid. Critics say it is an approach used far too often by Paris and one that in the long run hurts the domestic industry as much as it helps because it badly skews an already unpredictable market.

"This leads to massive distortions in the marketplace," said Stephen Reitman, auto analyst with UBS Securities in London. "There was a surge of sales of some 40 percent in June as people moved to buy before the program expired."

"This kind of program is becoming almost endemic in the system," said another London-based analyst. "Consumers are coming to expect it."

No one can argue, however, that it has not been effective. Short-term or not, the bottom line has responded.

The French Automobile Constructors' Association said the program was a major engine in the industry's rebound in 1994, when sales surged 14.6 percent. Mr. Calvet of Peugeot claimed that the government program had added sales of 250,000 cars last year in France, or 12.7 percent of the total of 1.97 million sold last year in the country. Renault could not even keep up with demand and was unable to benefit fully when the program first came into effect in 1994.

Analysts note that the new program has been refined to further buoy the automakers with a higher incentive to buy bigger cars, which offer the makers higher margins.

Mr. Calvet had complained that the first program had skewed the market in favor of smaller vehicles, and small cars had even been dubbed "Baladettes" in street talk since so many of their drivers had been beneficiaries of the pro-

gram launched by Edouard Balladur, who was then prime minister. Sales of the small Citroën AX model and Renault's Twingo mini-car soared.

In any case, analysts are getting more confident about prospects for Renault and Peugeot next year despite a somewhat bumpy ride in 1995, due in no small part to consumer confusion over subsidy programs stopping and starting.

Analysts now widely expect Peugeot's profit to rise to about 5.2 billion francs in 1996 from about 3 billion francs this year, while Renault should rise by a similar margin to a figure between 5 and 6 billion francs from about 3 billion, not counting extraordinary gains.

Some analysts see the government soon faced with another and completely new demand by the auto lobby.

A wave of South Korean exports has recently washed over Western Europe, surpassing even the long-time Japanese behemoths in growth rates. Registrations of Korean cars in Western Europe soared 170 percent in August on a year-to-year basis.

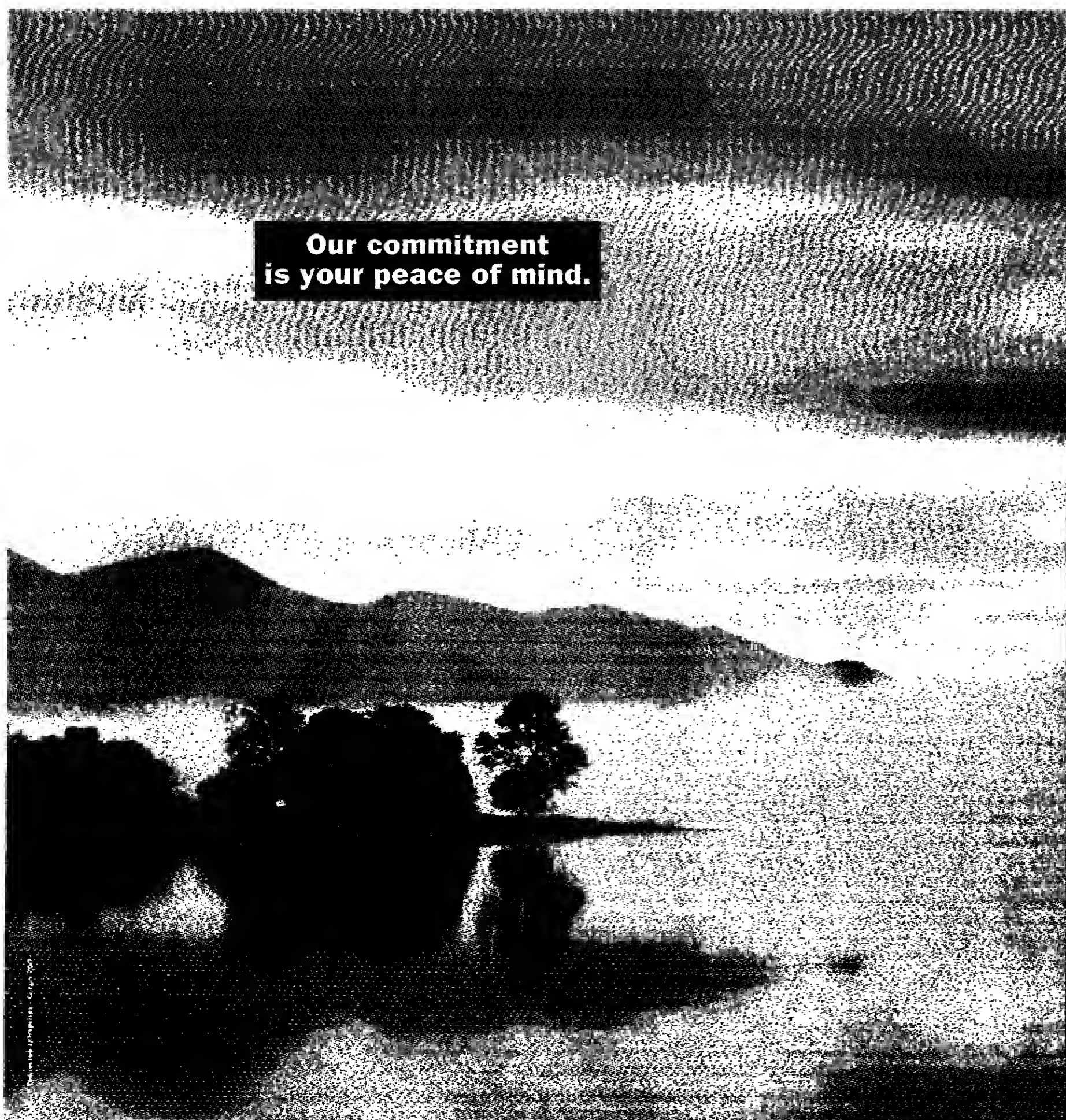
The French and Italian limited Japanese vehicle imports and analysts wonder how long they will put up with the new wave from Korea.

Furthermore, the Koreans specialize in smaller vehicles, painfully lapping over into the niche occupied by much of Renault and Peugeot. They also sell at exceptionally competitive prices. The Daewoo Nexia GL sells for only 53,900 French francs (\$11,250) while Renault's Twingo sells for 58,500 francs even though Daewoo offers a stronger engine and broader guarantee package.

Since the new French subsidy applies to any car sold in France, it could well help the Koreans even more than the French producers.

Judging by the recent success of French auto lobbyists in the halls of a government on the defensive, Korean carmakers would be well advised to write their sales projections for France in pencil.

RICHARD E. SMITH is on the staff of the International Herald Tribune.



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FRENCH BUSINESS & TECHNOLOGY / A SPECIAL REPORT

The Ups and Downs of Privatizations in France

By Martin Baker

PARIS — The cynic's view of privatizations is clear: It is the politician's way of buying the vote of the electorate.

This means, so the argument runs, that state-owned companies have their balance sheets cleaned up and their debts written down, and generally made to look like juicy prospects for the supposedly eager investing public. The wicked politicians then ensure that these prize assets are put on sale at a price which is artificially low — thus offering a political guarantee of financial success.

While there may be some truth to this, the real story is different. The French privatization program has been a very mixed bag in financial terms. Some issues have done well, others poorly.

And then there is the management factor. There are those who argue that privatization helps to produce better-run companies, that it makes for a leaner corporate balance sheet with lower costs and higher profit margins, and that the pressure of being a quoted company means that management must consider maintaining profitability to sustain value for their shareholders.

Again, the theory is attractive, but the

facts tell a different tale. The ability of management to turn a corporate culture around tends to vary significantly from privatized company to privatized company.

The cases of Société Générale, the bank that was privatized in 1987, and the chemicals conglomerate Rhône-Poulenc, which came to the market in early 1993, provide an instructive comparative study.

Rhône-Poulenc has taken a high profile this summer with the launch of an aggressive bid by Rhône-Poulenc Rorer, its U.S. pharmaceutical subsidiary, for Fisons PLC, the British pharmaceuticals concern. The original bid was rejected, but the Rhône-Poulenc Rorer management has underlined its determination to acquire Fisons by making an increased offer of £1.83 billion (\$2.9 billion) this month.

But analysts are uncertain as to how to interpret the move. Is this really the hard-hitting business practice of a mean private sector beast or the writhings of a statist monster that will pay whatever it takes to expand?

Murray Davey, a mutual fund manager at Kleinwort Benson Investment Management in London, helps to run a fund that specializes in European privatizations. He believes it is too early to tell whether the proposed acquisition is a smart move.

"But this kind of move is easier to make in the private sector," he adds. "It is a

strategy which is quite high-risk for Rhône-Poulenc's shareholders, and it might have been a little too high risk for a government shareholder," Mr. Davey thinks that consolidation is a worldwide trend in the chemicals sector at the moment, and that if the strategy is correct "whether the deal is cheap or not won't matter too much in the long term."

Andrew Couch, manager of the Guinness Flight Global Privatization mutual fund at Guinness Flight Global Asset Management in London, argues that the new price is too high and that Rhône-Poulenc "is quite acquisitive, but it is more concerned with market share than profit." And profit, of course, is supposed to pay a key role in privatization strategies.

The company produced some strong results this year, quadrupling profits in the first quarter of 1995 to 732 million French francs (\$146 million). But it then disappointed, with half-year figures that were on the low end of the financial markets' expectations. The share price has reflected that disappointment, falling below the 100 franc level.

As for change in management culture, the company insists that the main impact of privatization has been financial freedom.

"We've always maintained that the only handicap of being state-owned was financial. Now that we are in the private sector

we can get on with business," said a spokesman in Paris. Although the company has not yet been active in the bond market, it has used its financial freedoms to restructure its share capital and issue paper to facilitate the acquisition of the Institut Mérieux, and of Cooper, France's second-largest distributor of over-the-counter drugs.

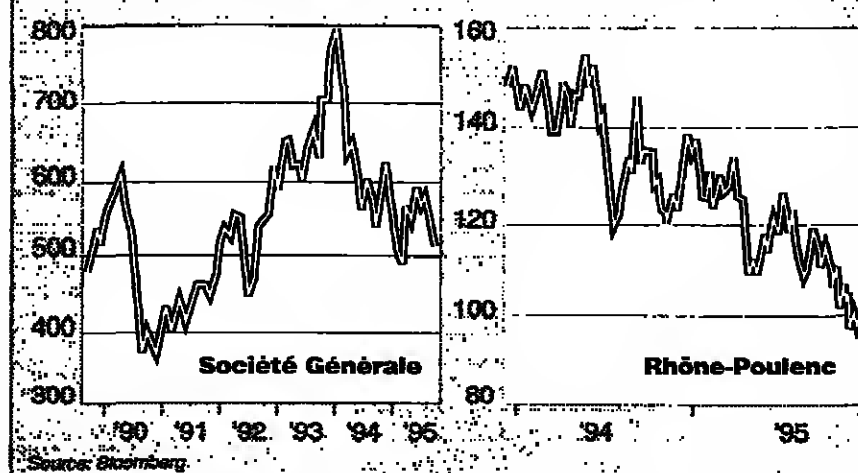
As for cost-cutting, the workforce has fallen only slightly over the past three years, from about 83,000 in 1992 to 81,500 last year. "For the moment, the jury is still out on Rhône-Poulenc," said Murray Davey. "Only time will tell whether management is getting it right."

The other key component of privatization change is, supposedly, the advent of a new, market-orientated team. Mr. Couch notes that top French management generally has not been changed after privatizations: "If you wanted to be critical you could say that after privatization management is just left there until someone on what is an informal waiting list in the public sector comes along to take a vacant top job. It's almost like an old boys' club."

But lack of management change has not impaired the progress of Société Générale. The bank's latest figures show a rise in net profits for the first half of 1995, to 2.26 billion francs, up from 2.24 billion for the same period in 1994. Provisions for problematic loans were down. The markets

Coping On Their Own

Share prices since privatization in French francs



liked the results, and the sentiment toward the bank has generally been positive since its privatization eight years ago.

Société Générale has undergone some radical management transformation during this period, including a complete reorganization of its derivative management team in 1993, and analysts regard the lead given by its chief executive, Marc Viénot, as indicative of the new style. Mr. Viénot has been a vehement critic of the French government's rescue plan for the troubled

state-owned bank Crédit Lyonnais.

"Viénot is behaving like a private sector banker. In fact, people think of Société Générale as a private sector bank," said Mr. Davey. "The fact that you are seeing members of the French establishment get up and protest at what the government is doing is indicative of the pressures that privatization is bringing to bear."

MARTIN BAKER edits the International Herald Tribune's Money Report.

For Young Firms, A Source of Equity

PARIS — Early next year, a new French institution will attempt to fill one of the oldest gaps in finance.

On Feb. 12, 1996, the Nouveau Marché is scheduled to begin trading the shares of young European businesses that are seeking to raise investment capital.

The niche that the new market will seek to occupy is known to venture capitalists as the equity gap — the black hole in the capital markets between taking out a personal loan for tens of thousands of dollars and issuing a corporate bond or offering shares to raise millions.

"There is a glaring gap in the market for companies seeking venture capital funds," said Gilles Copin, a Lyons-based partner at the accounting firm Ernst & Young with responsibility for venture capital in France.

"Would-be backers have often been reluctant to fund projects because there is no obvious exit route for their investment. This is what the Nouveau Marché will provide — if it works."

The new market will be an autonomous stock exchange, managed and operated by its own independent company, the Société du Nouveau Marché. The type of companies solicited by the new bourse are "young, well-managed companies who

ment services directive, is "to integrate into a European network of similar markets."

One apparently similar market is the British Alternative Investment Market, which began trading in mid-June with 10 companies — a number that rose to 94 by early October. "We don't have any European companies at the moment, but there is nothing to prevent them obtaining a listing," said a spokesman in London.

He added that the new market had taken over the role that the now-defunct second British market, the Unlisted Securities Market, used to play.

"But the requirements for a USM listing ultimately became too onerous," he said. "It was like getting a full listing on the main market."

Analysts say that obtaining a listing on the Alternative Investment Market can be significantly cheaper than obtaining a full listing because, among other things, sponsors are merely required to attest formally to the probity of the investment, rather than going through the more demanding process that established markets require.

For potential investors, this makes the process somewhat riskier. But if a company is careful, a listing on the alternative market can be obtained for little more than £50,000 (\$75,000), analysts say.

The Nouveau Marché will not be so cheap. Companies coming to the market must have a minimum of 20 million French francs (\$4 million) in assets and be seeking to raise at least 10 million francs.

"But 10 million francs is only the legal minimum," Mr. Petit said. "A flotation starts to make real economic sense when a company wants to raise at least 20 million francs. But there will be those who will seek — and raise — 10 million francs."

Mr. Petit said that the full costs of being listed on the Nouveau Marché could not yet be quantified because not all decisions had been made as to what the market would charge member companies. And most of the cost of a listing was determined by the professional fees that the company negotiated with its advisers.

Mr. Copin believes that the meticulous planning that has gone into the Nouveau Marché will make it a quality investment forum. "AIM is a good example of how not to do it," he said. "Just examine the quality of the companies that are traded there and the thinness of the market in some of the shares."

Mr. Copin does have doubts, however, as to whether the Nouveau Marché will be able to find a sufficient number of quality companies to be viable. "I think they need to find 30 candidate companies," he said. "Whether they can find prospects of the right caliber in France I doubt. If the candidates come from across Europe, there should be no problem."

His other main reservation about the future of the market is the support of the big institutional investors.

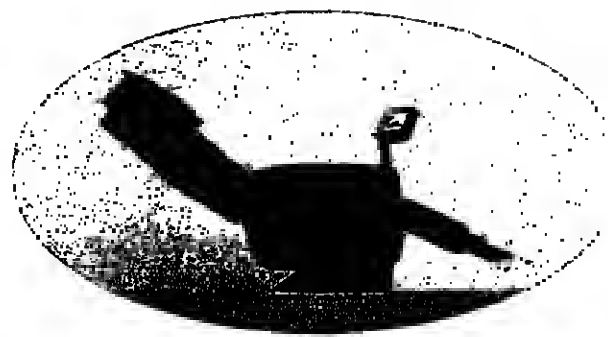
Said a mutual fund manager running an international equity fund in New York, who spoke on condition of anonymity: "I might buy a really exciting prospect for the speculative tip of my portfolio from a secondary market. The quality of the market is important, but it is ultimately secondary to the quality of the company. If the company's really good, you'll always have an exit route."

Martin Baker



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AIR FRANCE
YOUR PASSENGER RIGHTS

By Barry James

The Hauts-de-Seine is the richest department in France, with a gross product bigger than that of Greece and an annual budget of some 8 billion francs (\$1.6 billion). Nevertheless, the 1.3 billion-franc cost, spread over four years, is a hefty investment, which critics argue would have been better spent on the beleaguered state

A few weeks ago, Mr. Pasqua appeared to be a spent political force after he backed Eduard Balladur, the losing center-right candidate in last spring's presidential election. This placed a serious question mark over the

"If the French university is often excellent in its theoretical, classical or tech-

self-taught Mr. Pasqua said he would never be involved in anything that excluded students because they could not afford to pay.

teachers in specialized fields. It is sharing space and teaching facilities with other private commercial or technical institutions in France as a means of defraying running costs of 400 million francs a year.

industry. So long as the state criminal system turns its back on the medical center, the value of the institutions' training and diplomas will remain vulnerable to suspect to some degree, in terms of their

"We will be judged," Mr. Boly said, "when the first student graduates."

BARRY JAMES is on the staff of International Herald Tribune.

Continued from Page 17

With their contacts and their backgrounds involving major responsibilities from the start of their government careers.

Revelations about politicians treating

JOSEPH FITCHETT is on the staff of the *International Herald Tribune*.

Continued from Page 17

economists already say that France will be lucky to achieve growth of between 2 and 2.5 percent in 1996. But the government's deficit-reduction and job creation plans de-

The state-owned industry sector of the

ALAN FRIEDMAN is national economics correspondent for the *New York Herald Tribune*.

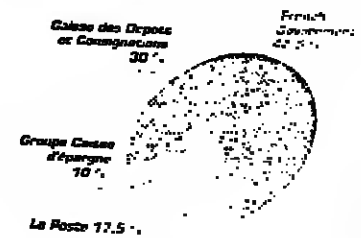
French Company Handbook is updated annually for financial analysts, institutional investors, corporate, government and banking executives, and documentation services – anyone who needs to know about the leading companies in the world's fourth-largest economy.

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SPORTS

Florida Finds That Third Time Is the Charm Against Tough Auburn

The Associated Press
Top-ranked Florida State and No. 2 Nebraska breezed to victories again, while No. 3 Florida survived a major test Saturday.

Danny Kanell passed for five touchdowns in the first half as Florida State walloped Wake Forest, 72-13. Tommie Frazier ran for three touchdowns and passed for two as Nebraska mauled Missouri, 57-0.

Florida had a tougher time at No. 7 Auburn, which had beaten the Gators the last two years. Danny Wuerffler threw for 380 yards and four TDs, including three to Chris Doering, as the Gators won a 49-38 shootout.

"The last two times we have played Auburn, we had our chances and just blew it," Doering said. "It feels good to finally be able to finish the game."

Florida led by only one point before a 21-point outburst in five minutes turned the game into a 42-20 runaway.

"Our offense could have done better," Auburn receiver Tyrone Goodson said, "and they kind of ripped our defense."

Temple ended its 13-game losing streak, longest in Division I-A, with a 29-27 victory over Pittsburgh. In Division I-AA, Prairie View extended its National Collegiate Athletic Association record losing streak to 53 with a 13-2 defeat at Alcorn State.

No. 1 Florida State 72, Wake Forest 13: At Tallahassee, Kanell was 28-of-36 for 342 yards before leaving early in the second half.

No. 2 Nebraska 57, Missouri 0: At Lincoln, Frazier became Nebraska's career touchdown leader as the Huskers beat Missouri for the 17th straight time. The senior quarterback has 64 career TDs.

No. 3 Florida 49, Auburn 38: At Gainesville, Frazier was 28-of-36 for 380 yards and four TDs, including three to Chris Doering, as the Gators won a 49-38 shootout.

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through the final period. Ohio State won for just the third time in eight trips to Madison since 1981.

No. 5 Southern Cal 26, Washington St. 14: At Los Angeles, Kyle Wacholtz and Brad Oton each threw a TD pass and Southern Cal held off Washington State after building a 26-0 lead. USC's Keyshawn Johnson had nine catches for 85 yards.

No. 6 Tennessee 41, No. 12 Alabama 14: At Birmingham, Peyton Manning threw for three touchdowns and ran for another as Tennessee ended a nine-game winless streak against Alabama. Manning completed 20 of 29 passes for 301 yards, including an 80-yard TD pass to Joey Kent on the first play from scrimmage.

No. 8 Kansas St. 23, Oklahoma St. 17: At Stillwater, Kansas State took the lead with 5:30 left when Brian Lofka scored on an 18-yard pass play. Matt Miller threw two TDs and ran for one as K-State extended its win streak to 18 games.

No. 10 Kansas 34, Iowa St. 7: At Lawrence, L.T. Levine scored twice and Kansas held national rushing leader Troy Davis to 120 yards, 80 below his average.

Levine rushed for 116 yards for the Jayhawks got off to their best start since 1968.

No. 13 Oklahoma 24, No. 18 Texas 24: At Dallas, Oklahoma's Jeremy Alexander missed a 42-yard field goal attempt with 26 seconds remaining and the Sooners settled for a tie after rallying from a 21-point deficit. Oklahoma drove to the Texas 25, where first-year coach Howard Schnellenberger opted for the field goal on fourth-and-1. The snap was high and Alexander hooked the ball.

No. 14 Northwestern 27, Minnesota 17: At Minneapolis, Danell Aubrey rushed for 169 yards and three touchdowns, including a 73-yard run in the fourth quarter. The win guaranteed Northwestern its best season since the 1971 team went 7-4. The Wildcats sacked Cory Sauter six times and limited Chris Dinkins to 75 rushing yards one week after he set a school-record with 294 against Purdue.

No. 15 Oregon 52, California 30: At Berkeley, Tony Graziani threw three TD passes to Josh Wilcox, and Ricky Whitlir ran for 161 yards and two touchdowns. The Ducks held Cal to minus-1 yard rushing.

No. 24 Washington 38, No. 16 Stanford 28: At Stanford, Rashaan Shehee ran for 196 yards and three touchdowns and Damon Huard threw for a career-high 295 yards as Washington handed the Cardinal its first loss. Huard threw an 11-yard scoring pass to Ernie Conwell and ran 2 yards for another score.

No. 17 Notre Dame 28, Army 27: At East Rutherford, New Jersey, Ivory Covington tackled Ron Leshinski inches from the goal line on 2-point pass attempt with 39 seconds left to preserve the win for Notre Dame. The Irish, who lost their opener to Northwestern, avoided another stunning loss when the 161-pound Covington dragged down the 240-pound Leshinski as he tried to reach the end zone.

No. 19 Virginia 44, Duke 30: At Charlottesville, Virginia's Mike Groh threw for a school-record 346 yards and four touchdowns. Tiki Barber ran for 183 yards and scored twice for the Cavaliers, who trailed 21-3 early in the second quarter and 24-13 at halftime.

No. 20 Penn St. 26, Purdue 23: At West Lafayette, Bobby Engram caught nine passes for 203 yards — both career highs — and Mike Archie scored the winning

touchdown with 2:34 left. The Nittany Lions overcame five turnovers and snapped a two-game losing streak. Purdue's Mike Alstott rushed for 149 yards and one touchdown to become the school's career scoring leader.

No. 22 Texas A&M 20, SMU 17: At College Station, Albert Connell made a leaping catch in the end zone with 8 seconds left for the winning touchdown. SMU took a 17-13 lead on a 21-yard touchdown pass from Derek Canine to Kevin Thonail with 56 seconds remaining. But the Aggies, who played without star running back Lee-Land McClellan, came back and scored on Corey Pullig's 25-yard pass to Connell.

No. 23 Iowa 22, Indiana 13: At Iowa City, Tom Knight's 60-yard interception return clinched the victory for Iowa. Knight's score with 4:31 left helped Iowa overcome a listless offensive performance and a career-high 199 rushing yards by Indiana's Sean Glover.

No. 28 Texas Tech 63, Arkansas St. 25: At Lubbock, Byron Hunspranger ran for 180 yards and four TDs as Texas Tech scored its most points in 10 years. The Red Raiders are off to their best start since 1989.

SCOREBOARD

HOCKEY

NHL Standings

EASTERN CONFERENCE

Atlantic Division

Team	W	L	T	Pts
New Jersey	10	6	4	24
Philadelphia	9	7	5	23
Florida	8	8	6	22
Washington	7	9	6	20
N.Y. Rangers	6	10	6	18
Tampa Bay	5	11	6	16
N.Y. Islanders	4	12	7	15

Metropolitan Division

Team	W	L	T	Pts
Pittsburgh	11	5	5	27
St. Louis	10	6	4	24
Chicago	9	7	5	23
Dallas	8	8	6	22
Winnipeg	7	9	6	20
Edmonton	6	10	6	18
Calgary	5	11	6	16
Vancouver	4	12	7	15

WESTERN CONFERENCE

Central Division

Team	W	L	T	Pts
St. Louis	11	5	5	27
Chicago	10	6	4	24
Dallas	9	7	5	23
Winnipeg	8	8	6	22
Edmonton	7	9	6	20
Calgary	6	10	6	18
Vancouver	5	11	6	16
San Jose	4	12	7	15

Pacific Division

Team	W	L	T	Pts
Los Angeles	10	6	4	24
San Jose	9	7	5	23
San Diego	8	8	6	22
Edmonton	7	9	6	20
Calgary	6	10	6	18
Vancouver	5	11	6	16
Seattle	4	12	7	15

FOOTBALL

Top 25 College Results

How the top 25 teams in the Associated Press college football poll fared this week

Division I-A

Rank	Team	Opponent	Score
1	Florida State	Wake Forest	72-13
2	Nebraska	Missouri	57-0
3	Florida	Auburn	49-38
4	Washington	Stanford	38-28
5	Southern Cal	Washington St.	26-14
6	Tennessee	Alabama	41-14
7	Notre Dame	Army	28-27
8	Kansas St.	Oklahoma St.	23-17
9	Kansas	Iowa St.	34-7
10	Oregon	California	52-30
11	Virginia	Duke	44-30
12	Alabama	Oklahoma	24-24
13	Oklahoma	Texas	24-24
14	Northwestern	Minnesota	27-17
15	Oregon	California	52-30
16	Washington	Stanford	38-28
17	Notre Dame	Army	28-27
18	Kansas St.	Oklahoma St.	23-17
19	Kansas	Iowa St.	34-7
20	Oregon	California	52-30
21	Virginia	Duke	44-30
22	Alabama	Oklahoma	24-24
23	Oklahoma	Texas	24-24
24	Northwestern	Minnesota	27-17
25	Oregon	California	52-30

Division I-AA

Rank	Team	Opponent	Score
1	Prairie View	Alcorn State	13-2

SOCCER

OUTCH FIRST DIVISION

Team	W	L	T	Pts
PSV Eindhoven	10	6	4	24
Go Ahead Eagles	9	7	5	23
FC Groningen	8	8	6	22
FC Utrecht	7	9	6	20
FC Twente	6	10	6	18
FC Volendam	5	11	6	16
FC Vitesse	4	12	7	15

ENGLISH PREMIER LEAGUE

Team	W	L	T	Pts
Aston Villa	10	6	4	24
Blackburn	9	7	5	23
Bolton	8	8	6	22
Leeds	7	9	6	20
Sheff. Wed.	6	10	6	18
Sheff. Utd.	5	11	6	16
Sheff. F.C.	4	12	7	15

ITALIAN FIRST DIVISION

Team	W	L	T	Pts
Inter Milan	10	6	4	24
AC Milan	9	7	5	23
AS Roma	8	8	6	22
Fiorentina	7	9	6	20
Lazio	6	10	6	18
Parma	5	11	6	16
Reggina	4	12	7	15

SPANISH FIRST DIVISION

Team	W	L	T	Pts
Real Madrid	10	6	4	24
Barcelona	9	7	5	23
Atletico	8	8	6	22
Valencia	7	9	6	20
Sevilla	6	10	6	18
Real Betis	5	11	6	16
Real Sociedad	4	12	7	15

GERMAN BUNDESLIGA

Team	W	L	T	Pts
Borussia Dortmund	10	6	4	24
Bayern Munich	9	7	5	23
Karlsruhe	8	8	6	22
Hamburg	7	9	6	20
Fortuna Dusseldorf	6	10	6	18
Eintracht Frankfurt	5	11	6	16
Werder Bremen	4	12	7	15

NETBALL

Team	W	L	T	Pts
England	10	6	4	24
South Africa	9	7	5	23
France	8	8	6	22
Spain	7	9	6	20
Italy	6	10	6	18
Germany	5	11	6	16
Sweden	4	12	7	15

CRICKET

Team	W	L	T	Pts
England	10	6	4	24
South Africa	9	7	5	23
France	8	8	6	22
Spain	7	9	6	20
Italy	6	10	6	18
Germany	5	11	6	16
Sweden	4	12	7	15

TRANSITIONS

Team	W	L	T	Pts
England	10	6	4	24
South Africa	9	7	5	23
France	8	8	6	22
Spain	7	9	6	20
Italy	6	10	6	18
Germany	5	11	6	16
Sweden	4	12	7	15

BASEBALL

Team	W	L	T	Pts
Atlanta	10	6	4	24
San Diego	9	7	5	23
Los Angeles	8	8	6	22
San Francisco	7	9	6	20
Seattle	6	10	6	18
Minnesota	5	11	6	16
Chicago	4	12	7	15

AMERICAN LEAGUE

Team	W	L	T	Pts
Atlanta	10	6	4	24
San Diego	9	7	5	23
Los Angeles	8	8	6	22
San Francisco	7	9	6	20
Seattle	6	10	6	18
Minnesota	5	11	6	16
Chicago	4	12	7	15

NATIONAL LEAGUE

Team	W	L	T	Pts
Atlanta	10	6	4	24
San Diego	9	7	5	23
Los Angeles	8	8	6	22
San Francisco	7	9	6	20
Seattle	6	10	6	18
Minnesota	5	11	6	16
Chicago	4	12	7	15

BASEBALL

Team	W	L	T	Pts
Atlanta	10	6	4	24
San Diego	9	7	5	23
Los Angeles	8	8	6	22
San Francisco	7	9	6	20
Seattle	6	10	6	18
Minnesota	5	11	6	16
Chicago	4	12	7	15

BASEBALL

Team	W	L	T	Pts
Atlanta	10	6	4	24
San Diego	9	7	5	23
Los Angeles	8	8	6	22
San Francisco	7	9	6	20
Seattle	6	10	6	18
Minnesota	5	11	6	16
Chicago	4	12	7	15

BASEBALL

Team	W	L	T	Pts
Atlanta	10	6	4	24
San Diego	9	7	5	23
Los Angeles	8			

Boxer's Death Triggers Call to Ban Sport

Compiled by Our Staff From Dispatches
GLASGOW — The Scottish boxer James Murray died Sunday of injuries received in a title fight with Drew Docherty, leading to a renewal of calls for the sport to be banned in Britain.

Richard Morgan, a spokesman at Glasgow's Southern General Hospital, said doctors had pronounced Murray clinically dead on Saturday but left him on a life support machine.

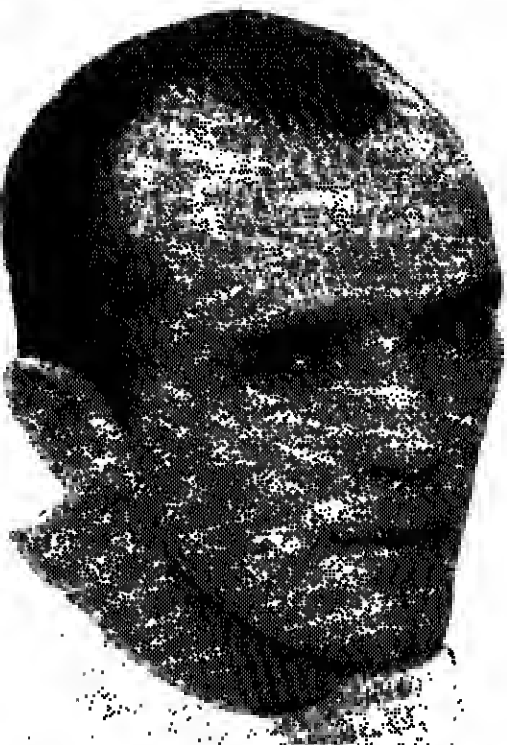
They reassessed his condition Sunday and removed him from the machine after determining that "all signs of neurological activity were extinct," said Garth Cruickshank, a neurosurgeon who was a consultant on the case.

Murray, 25, underwent brain surgery after the knockout by Docherty in the final round of the British bantamweight championship fight Friday night. But Murray never regained consciousness.

Docherty, who appeared anxious about Murray's condition even as he was being hailed the winner in the ring, was said to be "shattered" by the news of the death.

"Words just cannot express how badly we feel about James' death," Docherty's manager, Tommy Gilmore, said in a brief statement. "Our thoughts are with his family and friends."

The knockout preceded a riot at ringside in which five



James Murray died Sunday after a title-fight knockout.

people received minor cuts and several others were arrested.

The death and the riot prompted more calls for the sport to be banned.

The British Medical Association has been campaigning since 1982 to outlaw boxing because of the brain injuries caused by punches.

"Doctors will continue to warn of the dangers, but it is for society to decide whether it can tolerate the continuing tragic waste of young lives in the name of sport."

Frank Warren, one of the leading boxing promoters in Britain, conceded that Murray's death made his job more difficult.

"It is very difficult to justify it when you see terrible injuries like those and the damage it does to the families," Warren said Saturday. "It must be a terrible time for them at the moment and for Drew Docherty, who must also be going through a terrible time."

"I could not look Jim's father and mother in the eye and say the sport should go on. But it is a very emotive subject at times like this, so we should all give it a few days."

Warren was not at ringside Friday night.

Murray was the second fighter to suffer serious brain damage this year in a British ring.

In February, the American super middleweight Gerald McClellan had surgery to remove a blood clot from his brain after losing a WBC title fight to Nigel Benn in London. Now, McClellan is barely able to move or communicate.

Gary Jacobs, a former British and European welterweight champion, described the scenes after the fight as "horrendous."

"The trouble started at the back of the hall," he said. "Bottles and chairs just started being thrown about while Murray was still in the ring. It was just horrible. There is no way to describe how bad it was. It was absolute garbage and it has ruined boxing in Glasgow."

Jan Danks, a commentator for Sky TV, which televised the fight live, had to finish the job sheltered under a table as bottles and glasses rained down on ringside.

"I was looking up and chairs were being flung around," he said. "It spread to the entire hall. I think people had had far too much to drink and the security seemed flimsy. It's a wonder no one was seriously injured."

Murray's record was 14-2-0. Docherty, 29, improved to 16-2-1 after his third defense.

If he had won, Murray had been promised a shot at WBO champion Alfred Kotey of Ghana, who beat Docherty in four rounds in February.

Murray, who also lost to Docherty as an amateur, made his professional debut in March 1993 and had been beaten only once previously, losing his sixth fight, to England's Paul Webster.

Meanwhile, the police said they were investigating the post-fight riot, which some spectators said had delayed paramedics trying to reach Murray. (AP Reuters)

Els Edges Elkington to Win 2d Straight Match Play Title

By Ian Thomsen
International Herald Tribune

VIRGINIA WATER, England — He had imagined something like a perfect year this year, and of course he was wrong. Now it was like the whole imperfect year was being compressed inside this one final Sunday. Two good shots did not necessarily lead to a third great one. He was capable of giving back the next hole as easily as he'd won the one before. He was working the gun in his mouth, his head down, and it was all he could do to keep the whole business together.

Then, at the 17th hole, his 2-iron swept the ball out of sight and into his imagination. He heard a roar over there, and Ernie Els walked over the hill to find that the year hadn't been as bad as he'd thought.

"Obviously this makes it a lot better," he said after beating Steve Elkington, 3 and 1, to win the Toyota World Match Play Championship for the second successive year. "I think I can say that I've had a very good year now."

Els felt like he had been wandering the whole world all year, looking for whatever, and he had found it 15 feet behind the hole at the end of the season.

The ball had almost disappeared along the way. His second putt for birdie was conceded with a handshake by Elkington, who had missed the green. Just like that Els's ranking went from No. 4 to No. 2 in the world. If he had been thinking of all of the tournaments he should have won this year — especially the U.S. PGA Championship two months ago, when Elkington had surged past him on the Sunday — then he could feel the fresh relief of them being immersed by this one.

"Both of us weren't on our 'A' games," Els said of their 36-hole match, played in less than six hours without Bernhard Langer to hold them up. "We were trying hard, but we couldn't produce the shots we were looking for. We both struggled to get the ball in the hole."

Els, the South African who turns 26 on Tuesday, became the first to defend his title in this 12-



Ernie Els chipping out of a bunker in Sunday's match.

man invitational since Seve Ballesteros in 1985. He remains undefeated in 36-hole matches here against major champions like Ballesteros, Jose-Maria Olazábal, Lee Janzen and Langer, the latter having lost his semifinal to Els on Saturday by 1 hole. Els has now won four times this year — once in the United States and twice in South Africa.

Elkington, having beaten Costantino Rocca of Italy by 3 and 1 in the other semifinal, felt the title was lost in the first 15 holes Sunday morning, when he fell three behind Els. The Australian had chances to come back, especially after two admittedly "atrocious drives" by Els — No. 16 into the trees, No. 17 out of bounds — gave Elkington the chance to draw even before lunch. Instead, Els birdied the par-five to swing open a two-hole lead for the afternoon.

That advantage doubled momentarily with Els's short birdie and a par at Nos. 2 and 3; but Els, having moved up to the U.S. Tour with such high hopes, has been a little fuzzy this year. He was bound to win unseemly. His mistakes, plus a rare birdie from Elkington, narrowed their discrepancy to one hole. But Elkington immediately bogeyed the afternoon eighth to fall behind by two holes, and then, excepting the par-five 12th which they both birdied, he didn't give himself any more chances.

In the match for third place, over 18 holes, Rocca beat Langer 2 and 1. At 38, Langer said he was too old to be playing 36 holes daily at this event. He won't return unless he can be seeded with a first-day bye. As for Rocca, for all of his success this year — seven finishes in the top three, including runnerup at the British Open, plus his vengeance at the Ryder Cup — he has yet to win a tournament.

Bucs Defend the Top Spot in NFC Central

The Associated Press

Maybe it's time to stop using the word surprising to describe the first-place Tampa Bay Buccaneers.

The perennial doormat of the National Football Conference central division won its fourth straight game Sunday, getting a 51-yard field goal from Michael Husted 6 minutes, 23 seconds into overtime to beat the visiting Minnesota Vikings, 30-17.

Husted kicked the Bucs into first place with a 53-yarder in the final minute of a 19-16 victory over Cincinnati last week, but a lot of people were not convinced Tampa Bay was as good as its record.

This week's heroics came a little more than two minutes after Minnesota's Fuad Reviz,

who kicked three field goals in regulation, missed a 53-yarder that would have vaulted the Vikings into the division lead.

The miss gave Tampa Bay field position at its 43, and the

NFL ROUNDUP

Vikings dug themselves into a deeper hole when safety Orlando Thomas recovered a fumble, only to lose the ball back to Tampa Bay when he fumbled after a 2-yard return to the Minnesota 45.

Colts 18, 49ers 17: Cary Blanchard's fourth field goal, a 41-yarder with 2:36 left, lifted the Colts to victory in Indianapolis.

San Francisco missed a chance to go ahead with 50 seconds left when Doug Brien's

46-yard field goal attempt went wide right.

Chiefs 31, Patriots 26: Kansas City needed only 60 minutes to beat New England in front of a capacity crowd at Arrowhead Stadium.

Leading 24-10 at halftime, the Chiefs managed only three first downs until late in the fourth as the Patriots closed to 24-19 on Matt Bahr's field goal and Drew Bledsoe's first touchdown pass of the year.

But on fourth-and-5 from the New England 30, Steve Bono scrambled and hit Lake Dawson for 15 yards. Two plays later, Greg Hill burst 9 yards up the middle to make it 31-19 with 6:46 left, handing the Patriots their fifth straight loss.

Bears 30, Jaguars 27: The Jaguars, seeking to become the

first expansion team to win three straight games, staged a gutsy rally in the final two minutes in Jacksonville, Florida, but fell to Chicago when Mike Hollis missed a 54-yard field goal on the final play.

Eagles 17, Giants 14: Mike Zordich returned a fumble 58 yards for a touchdown and intercepted Tommy Maddox's pass at the Philadelphia 40 to snuff out a late New York rally, leading the visiting Eagles to their third straight victory.

Philadelphia had six sacks against Dave Brown and Maddox, his replacement, and limited New York to just 66 second-half yards in a sloppy game played in gusty wind. Both teams had four turnovers.

Packers 30, Lions 21: Brett Favre threw for 342 yards,

Edgar Bennett gained 148 yards from scrimmage and Chris Jacke kicked three field goals as Green Bay built a 20-0 halftime lead on the way to victory at Lambeau Field.

The Packers used tight coverage to befuddle Detroit quarterback Scott Mitchell, and George Teague's interception ended Detroit's last gasp with 1:11 left.

Barry Sanders finished with 18 carries for 124 yards, but had no touchdowns.

Whalers' Rice Sinks the Blackhawks

The Associated Press

The Hartford Whalers' forward Steven Rice scored on a slapshot from the left circle with 2:40 left to cap a 3-2 comeback victory over the Chicago Blackhawks.

Rice took a drop pass from Adam Burt and ripped a 40-footer which struck Chicago goaltender Ed Belfour on the right shoulder before bouncing to the net.

Andrew Cassels and Glen Vesley also scored Saturday for the Whalers, who are off to a 10 start, the best in the franchise's 17-year NHL history.

Players 3, Islanders 0: In Inland, New York, Mikael Elberg's goal at 8:02 of the third period broke a scoreless tie, and Dominic Roussel stopped 7 shots for his fifth career shutout.

The Flyers took a 2-0 lead at 12:03, when Rod Brind'Amour tipped Chris Therien's shot from the left boards by Tommy Salo. Eric Lindros added an empty-net goal with 1.5 seconds left, giving the Flyers their third straight victory to start the season.

Capitals 2, Lightning 0: In Landover, Maryland, Jim Carey stopped 21 shots for his fifth

NHL HIGHLIGHTS

career shutout and Kelly Miller scored a shorthanded goal to lead Washington past Tampa Bay. Keith Jones also scored for the Capitals, who are off to their best start since they went 4-0 to open the 1991-92 season.

Devils 4, Canadiens 1: In Montreal, New Jersey's defense continued its airtight play behind goaltender Martin

Brodeur. Brodeur made 40 saves before he was beaten with two seconds left when Mark Recchi tipped in a pass by Vincent Damphousse on a last-minute power play. Brodeur and the Devils (3-0) have allowed only two goals this season.

Rangers 2, Maple Leafs 0: In Toronto, New York rookie Niklas Sundstrom scored his two first NHL goals in the third period. Sundstrom was hovering on the lip of the crease when the puck emerged from under a heap of bodies and he whacked it past a sprawled Felix Potvin. Sundstrom clinched the victory at 13:48 on a shorthanded two-on-one with Mark Messier.

Stars 6, Bruins 5: In Dallas, the Stars scored three goals in the final 49 seconds, including Guy Carbonneau's winner with 4.4 seconds to play. The three

goals in 44 seconds marked the fastest three goals in franchise history, beating the previous best by six seconds.

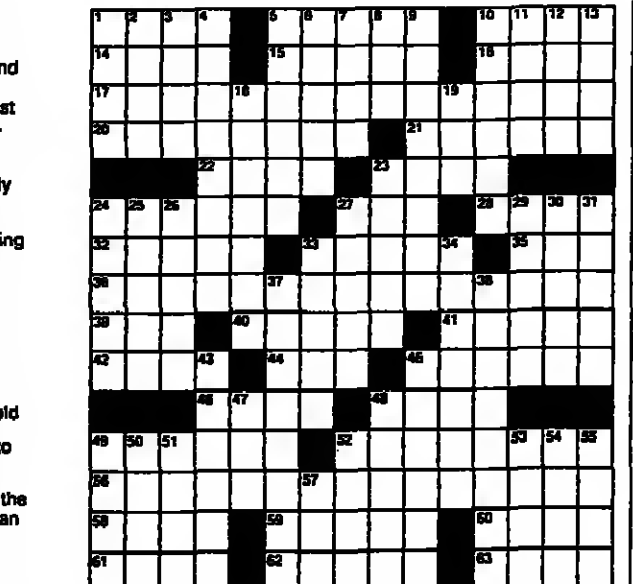
Blues 4, Avalanche 1: In St. Louis — Grant Fuhr stopped 39 of 40 shots and Brian Noonan matched his career high with four points on a goal and three assists. It was the 600th NHL game and 293rd regular-season career victory for Fuhr, who has been in net for all four games this season.

Canucks 7, Sharks 6: In San Jose, California, Alexander Mogilny scored three times as Canucks got its first victory of the season. Mogilny, who joined the Canucks in a trade from Buffalo this summer, scored twice in the second period and completed his 11th career hat trick with a goal late in the third period.

CROSSWORD

- ACROSS
- 1 school (precipitation)
 - 2 General attitudes
 - 3 Screwball
 - 4 Captive of Hercules
 - 5 TV's Wally
 - 6 "Bus Stop" writer
 - 7 Semous injury from fire
 - 8 Marne grows flowers
 - 9 Garden flowers
 - 10 Precipitating
 - 11 A bit of vaudeville
 - 12 Unpleasant-tasting
 - 13 Land a hand
 - 14 Epilator's follower
 - 15 Santa — race track
 - 16 Fur trader John Jacob
 - 17 Put on
 - 18 Support, at a meeting
 - 19 Before: Prefix
 - 20 Recorded nights
 - 21 One way to get rich
 - 22 Cutty —
 - 23 Light brown
 - 24 Half-melted
 - 25 Cake decorator
 - 26 Gaiety
 - 27 Nonethical
 - 28 Bands of nerve fibers
 - 29 Lasting memory, maybe
 - 30 Novelist Waugh
 - 31 Africa's third-longest river
 - 32 Jog
 - 33 he-Shanah
 - 34 Chirac's states
 - 35 "Gimme an A" ... b.g.
 - 36 Quarries
 - 37 Architect Miles van der —
 - 38 Essays of
 - 39 Tapered cigar
 - 40 King Arthur's killer
 - 41 Unfolds
 - 42 Assns.
 - 43 Patrolic soc
 - 44 Arab land
 - 45 Advise at cards
 - 46 Blame
 - 47 Bugeboo
 - 48 Actors Olin and Barry
 - 49 Nonconformist
 - 50 Aria — "tu"
 - 51 Located
 - 52 Says hoarsely
 - 53 End of —
 - 54 More appealing
 - 55 Pale-faced
 - 56 Blue-pencils
 - 57 Fairy item
 - 58 Pester
 - 59 How some stocks are sold
 - 60 Alternatives to sprays
 - 61 It runs down the 180th meridian
 - 62 Like resort towns
 - 63 Dry, colorless brandy
 - 64 Suzanne of "Three's Company"
 - 65 Tabby
 - 66 Cap in Cannes
 - 67 Come from —
 - 68 Venus de —
 - 69 Mine rocks
 - 70 Grr for Nancy Lopez
 - 71 Father
 - 72 Refrigerate
 - 73 U.N.-like
 - 74 Cal Tech rival

- DOWN
- 1 Quarries
 - 2 Architect Miles van der —
 - 3 Essays of
 - 4 Tapered cigar
 - 5 King Arthur's killer
 - 6 Unfolds
 - 7 Assns.
 - 8 Patrolic soc
 - 9 Arab land
 - 10 Advise at cards
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 - 19 More appealing
 - 20 Pale-faced
 - 21 Blue-pencils
 - 22 Fairy item
 - 23 Pester
 - 24 How some stocks are sold
 - 25 Alternatives to sprays
 - 26 It runs down the 180th meridian
 - 27 Like resort towns
 - 28 Dry, colorless brandy
 - 29 Suzanne of "Three's Company"
 - 30 Tabby
 - 31 Cap in Cannes
 - 32 Come from —
 - 33 Venus de —
 - 34 Mine rocks
 - 35 Grr for Nancy Lopez
 - 36 Father
 - 37 Refrigerate
 - 38 U.N.-like
 - 39 Cal Tech rival



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SPORT

Adding value to performance

ADIDAS IS ASSOCIATED

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HAS LONG BEEN PART OF

THE WINNING PROCESS.

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HONESTY AND CONTINUING

COMMITMENT REQUIRED

TO PUT TALENT AT THE

TOP AND KEEP IT THERE.

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